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Latin America

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ALADI To Grant 'Waiver' for Mexico's NAFTA Membership

PY1705144394 Montevideo EL OBSERVADOR ECONOMICO in Spanish 13 May 94 p 16

[Text] In Cartagena de Indias, Colombia, on 13 June, ALADI [Latin American Integration Association] will formalize a protocol that will permit Mexico to remain an ALADI member and at the same time be a member of the North American Free Trade Agreement (NAFTA).

The Council of Foreign Ministers, which is ALADI's top executive organ, will hold a special meeting to address the subject during a session that the Committee of Representatives has summoned to that effect.

The foreign ministers will formally approve the agreement that high-ranking officials reached in Montevideo on 3 May. The agreement provides for the granting of a special permit or waiver [preceding word in English] for ALADI members to form partnerships with developed countries.

The ALADI treaty sets forth that members must give other members the same benefits that they grant to countries outside ALADI, but Mexico, after joining the United States and Canada, was unable to fulfill this condition. Consequently, an interpretation document was drawn up permitting an exception for the members that join developed countries, in return for commercial compensations to the other ALADI members.

Cartagena de Indias was chosen as the place for holding the meeting at the invitation of the Colombian Government.

UN Meeting Views Decriminalization of Narcotics

PY1705220694 Sao Paulo FOLHA DE SAO PAULO in Portuguese 15 May 94 Section 4 p 4

[Article by Aureliano Biancarelli]

[Text] Latin American representatives fear drug trafficking groups may be behind the international campaign to decriminalize and legalize narcotics.

"They use well-known international personalities to promote legalization," said lawyer Rodolfo Vielmann, 55, general coordinator of the Drug Prevention Council of Guatemala.

The concern with the decriminalization of drugs was expressed on 13 May in Sao Paulo during the last day of a meeting of Latin American drug prevention experts.

The forum was sponsored by the UN International Drug Control Program (UNDEP) and 40 experts from 17 countries participated.

Some participants suggested holding another UN meeting to exclusively discuss the subject of decriminalization.

Vielmann said some members of the U.S. Health Department defend the idea. In Colombia, some court sentences have considered the use of drugs a personal matter and an individual right.

"The court decisions of some countries worry us," said one participant who did not want to be identified. "Traffickers kill," he added.

Psychologist Jose Luis Harb, 34, the Bolivian Social Prevention under secretary, said the preaching in favor of decriminalization in Colombia is worrisome. He said that Bolivia is a drug producing country and this makes it different from the rest. "In my country cocaine base is very cheap and traffickers are interested in the foreign market. To decriminalize narcotics does not help at all."

Luis Carlos Zamora Reys, 37, the head of the Colombian National Narcotics Directorate, said that legislation in his country only tolerates drug addicts and worries with their recovery.

Sao Paulo First Lady Ika Fleury said: "The idea of decriminalizing narcotics is globally flourishing," adding: "If badly conducted, it will have serious consequences." She participated in the UNDEP closing ceremony as president of the Sao Paulo Solidarity and Social Fund.

Giovanni Quaglia, 43, UNDEP director in Brazil, said the legalization of drugs "is no solution, it is beginning to be defended because society believes all other measures have failed." He said that what is happening in some Latin American countries is a trend to decriminalize consumers and those who carry small amounts.

Cuba

Castro Congratulates Ciego de Avila Sugar Workers

FL1705135694 Havana Radio Rebelde Network in Spanish 0900 GMT 17 May 94

[Text] Ciego de Avila farmers who have just received a message of praise from Commander in Chief Fidel Castro for the efforts being made in the current harvest have expressed their commitment to meet the sugar production plan despite current difficulties.

During a visit by the commander in chief's Coordination and Support Staff, headed by Elida Valle, the fulfillment of the plan in several complexes, as well as the high spirit of production of the workers, was noted. Measures being implemented to stabilize the grinding were also noted, and it was reported that equipment from other provinces will arrive shortly to bolster the harvest effort in Ciego de Avila Province.

People's Councils Plenum Held in Capital

FL1705122094 Havana Radio Rebelde Network in Spanish 2300 GMT 16 May 94

[Text] The plenary gathering of the People's Councils of the city of Havana was held today in this capital. Here is correspondent Pepe Suarez with the details.

[Suarez—live or recorded] A plenum of the People's Councils in the capital's administration was held here today, with provincial people's council presidents participating. The ministers of Public Health, Tranportation, and Communications were invited to this work session, which analyzed the new forms for the distribution and sale of medications, the recovery of raw materials, and the sensitive spheres of urban transportation and telephones.

Plenum participants learned about the creation of 23 new pharmacies to attend to emergency cases in the city's hospital network, and about the linking of consumers to the 335 pharmacies in the capital according to the area in which the consumer resides.

In connection with urban transportation, the process of integrating the so-called "train-buses" [tren-bus] into the capital's traffic network was analyzed, as was the process of investments being made by Mitrans [Ministry of Transportation] with the goal of progressively improving passenger transportation.

In connection with telephones, things related to the deactivation of illegal telephones and the so-called clandestine calls were discusssed, as well as everything concerning the public telephone network. The new businesses houses to buy raw materials (?from) the population, and the sale to residents of the capital of things produced by the local industries completed the agenda of the participants in the plenum of the People's Councils of the city of Havana.

This is Pepe Suarez for Rebelde's Exclusivo program.

Minister Notes Budget Deficit Decrease

FL1705135594 Havana Radio Rebelde Network in Spanish 2300 GMT 16 May 94

["Reflections" commentary by Fernando Davalos]

[Text] A few days after the historic May Day session of the National Assembly of the People's Government, as the next step, a meeting of presidents of People's Government Administrative Councils from all the provinces and the special municipality of the Isle of Youth was held. The meeting, chaired by Lage, Machado Ventura, and Alarcon, discussed the budget, self-employment, local industries, the illegal sale of homes and vehicles, and other issues. As you can see, some of these issues are very current and of great interest. Nevertheless, I would like to focus on the budget alone.

Finance and Prices Minister Jose Luis Rodriguez gave good news at the meeting, although right now it consists only of promising indexes. Rodriguez stated that in general, the management of the budget in the provinces in the first two months of 1994 shows encouraging signs. It is only a two-month period; nevertheless, it undoubtedly reflects that the imbalance—which, as is often stressed hurts the country greatly—is being corrected.

Fifty-one percent of the nation's budget is managed in the provinces—in other words, administered by the local People's Government. The Administrative Councils are in charge of controlling it, ensuring that only the amount budgeted is spent and that revenues match anticipated income in order to reduce the imbalance between revenues and expenses, which surpasses 4.2 billion pesos nationally and contributes to rarefying the national economy.

Jose Luis Rodriguez also stated that calculations showed that fewer expenses and greater revenues were being registered. This is even more healthy. Rodriguez pointed out that irksome subsidies were on the way out, and that in general terms, a reduction of 6 percent has taken place in the deficit.

Good news, just like hearing someone's fever is dropping. We cannot forget that this process has been called a healing of the internal finances. With an elevated budget deficit and an excess of currency nearing 12 billion pesos circulating, we have to admit that the national economy is experiencing problems similar to an illness.

Rodriguez announced that so far Holguin, I might add, is the only province in the black in terms of revenues. In other words, it spends less than what it contributes to the budget. He also mentioned Cienfuegos, Las Tunas, Granma, and Santiago de Cuba Provinces as having a similar situation, but being supported by state subsidies.

Another bit of news was that billing and payment management has improved. Minister Rodriguez stated that unsettled accounts diminished by 440 million pesos during the first quarter of 1994. Even better. However, the most important thing is that on this occasion guidelines were drafted to ensure that financial indiscipline does not make a comeback, because it would be unacceptable for this to reoccur in the provinces, where the finances are blooming much taller and stronger.

Roberto Robaina Explains Economic Reforms

PA1705212894 Mexico City LA JORNADA (LOS PODERES PLANETARIOS Supplement) in Spanish 16 May 94 p 7

[Interview with Panamanian Minister of Foreign Relations Roberto Robaina by unidentified LA JORNADA reporter; place and date not given]

[Text] [LA JORNADA] There are a number of economic reforms under way in your country that were unthinkable just a few years ago. Why are these reforms being made? How will you overcome the democratic deficit, given that the single party system only offers Cuban voters one option?

[Robaina] I don't think one can analyze these issues outside the context in which the people live, work, and develop. I am not saying our democracy is perfect, but we do have our own special democratic system. No one has been able to show me that any other model is perfect. In some countries, 70 percent of the eligible voters stay away from the polls out of indifference. I respect all versions of democracy and only ask that people respect ours. We will see how many things can be discussed regarding models and modes of popular participation as soon as my country is out from under the foreign threat hanging over us. Our form of democracy is not what it was five years ago, and it will surely be different five years from today. We are currently working on ideological pluralism. It is more a pluralism for participation than a pluralism of parties.

[LA JORNADA] What can you tell all those sectors, including the intellectual left wing, which believe that the blockade benefits Fidel Castro inasmuch as it helps him when it is time to fall in line and defend the revolution against foreign threats?

[Robaina] If lifting the blockade means overthrowing Fidel (Castro), as many so absurdly propose, the blockade would have been lifted by now. One cannot associate the existence of a political system with the blockade. The blockade is against an entire population that has been sentenced to die of hunger and disease.

[LA JORNADA] Has there been any kind of progress to indicate that the tension between Cuba and the United States is weakening, opening the way to normal relations?

[Robaina] There is no reason for excessive enthusiasm. We have publicly stated that this (U.S.) Administration does not display the constant aggression of past administrations. That in and of itself means very little, but it could create a certain atmosphere. Although the aggression is absent, there are other things indicative of a certain stagnation, such as the tightening of the blockade by the Torricelli Bill and the failed U.S. attempt to prevent the United Nations from discussing this issue. We see no indications that relations are heading toward a major change. I think this administration was highly committed when it came to office. I do not think it is a matter of what they want to do but a matter of what they really can do.

[LA JORNADA] From a distance, the economic reforms you are implementing have a certain smell of neoliberalism; shock measures. Don't you think this new direction could shatter the consensus you seem to enjoy among the people?

[Robaina] To say that the people are adjusting easily to these measures would be untrue. We are conducting a persuasion campaign, explaining the reasons behind the changes neighborhood by neighborhood. There are already some measures in effect that have a high social and political cost. A large portion of the population did not welcome the decision to legalize foreign currency after 30 years of working in the opposite direction because they were taught a different way of thinking. That measure is just another way of keeping our feet on the ground, as there are more and more people with a working relationship with foreign investment every day. We concluded that if 10 million people are unable to solve the situation we are facing but 5 million are able to do it, then we must decide to make a sacrifice and somehow create the social differences to which we are unaccustomed.

[LA JORNADA] What guarantees will foreign investors have that their properties will not be seized by the state?

[Robaina] We have given foreign investment constitutional support through regulations that are flexible enough to include everyone and every circumstance. In addition, we are not interested in meddling in any area, especially the economic one. Under no circumstances will we risk foreign investment. Some even wonder what would happen if Cuba returned to capitalism. Even if that happened it wouldn't entail any shocks for businessmen because they would be in their element.

[LA JORNADA] Is a return to capitalism possible?

[Robaina] I don't think so.

[LA JORNADA] What then would be the middle ground between an unsuccessful socialist system and the capitalism you seem to dislike?

[Robaina] Cuba does not believe that there is any reason to turn back from what has been done. We want the Cuban project, as we have been planning and implementing it, to be viable.

[LA JORNADA] You are planning a meeting in Havana next year with a large segment of the Cuban exile community. Why now, after so many years and mutual ill will, is this meeting, which in some ways implies a national reconciliation, taking place?

[Robaina] The time is right whenever Cuban exiles overseas—not just in the United States—want to talk to us and meet with us in Cuba. It is very likely that a delegation from a group in that exile community will hold a positive meeting with us. The aforementioned group follows a moderate position, as opposed to the hostile attitude held by some toward Cubans who defend projects on the island.

[LA JORNADA] Do you mean that if prominent exiles such as Jorge Mas Canosa and Carlos Montaner changed their positions vis-a-vis the revolution, they could participate in this incipient dialogue?

[Robaina] Our prospects for dialogue do not depend on individuals but on positions. Anyway, we have so many relationships with people, groups, and sectors which have positions different from those advocated by Mas Canosa and Montaner that we do not need to consider talking to them. At any rate, I do not believe they are thinking of changing their position toward Cuba. Therefore, meeting with them doesn't make any sense.

Alarcon de Quesada Outlines First Progress Report

FL1805012594 Havana Radio Rebelde Network in Spanish 2300 GMT 17 May 94

[Text] Ricardo Alarcon de Quesada, Politburo member and president of the National Assembly of the People's Government, has reaffirmed the people's protagonistic role in building a society for which it is worth making any possible sacrifice.

Alarcon de Quesada has outlined the first progress report to voters from the capital, at electoral district No. 59 of the Managua People's Council in Arroyo Naranjo. He urged the participants to retain the spirit of Guaimaro because we have the wisdom and the force to succeed and to show the world that we can resist.

Osmany Cienfuegos Speaks at 15th Tourism Convention

FL1805021894 Havana Cuba Vision Network in Spanish 0000 GMT 18 May 94

[By Nelson Barreras and Hilda Prieto]

[Text] In the presence of some 700 tour operators, travel agents, and foreign and national reporters, the 15th international tourism convention, Cuba-94, opened today in Varadero.

Approximately 700 foreign delegates are attending the 15th tourism convention, which is considered the most important employment market. During a visit to the convention area, Tourism Minister Osmany Cienfuegos granted an interview to this station.

[Begin recording] There is a large group of foreign reporters as well as a large group of tour operators, businessmen, and travel agents who will help establish many of the contracts being discussed, and establish contacts for the supply of new products being manufactured. [end recording]

Minister Cienfuegos added that more than 700,000 tourists are expected to arrive in the country this year. Referring to development of the new Tourism Ministry, he said:

[Begin recording] Now the first steps are being taken; the Tourism Ministry has a small structure. We have decided to work first within the hotel chain structure, in organizing management cadres, et cetera. That is, this has almost been concluded, and all measures have been adopted concerning the organization; building sites for the chain of hotels, following the same styles as the Cubanacan and Gaviota enterprises. These are autonomous and independent organizations that will be given the same facilities granted to those institutions. Surely there will be a sound competition among them, which will guarantee that efficiency and professionalism will prevail in all management cadres because this is vital for the development of tourism. [end recording]

Until next Friday [20 May], 88 national and foreign companies, including 13 airlines, will promote and trade their products in this 15th conference.

ANAP Honors Three With Award Held Only by Fidel Castro

FL1705190494 Havana Radio Rebelde Network in Spanish 1700 GMT 17 May 94

[Text] The 35th anniversary of the promulgation of the first Agrarian Reform Law in La Plata, Sierra Maestra, which for the first time in Cuban history gave the land to the people who worked it, is a time to reminisce and render homage.

Three veterans of the revolutionary struggle with ties to the agrarian sector—Carlos Rafael Rodriguez, Jose Ramirez Cruz, and Conchita Fernandez—today will receive the 17 May Order, the National Association of Small Farmers' [ANAP] top award, which is bestowed by the Council of State at the request of ANAP. The fact that to date only Commander in Chief Fidel Castro had received this order gives the presentation even greater importance, falling as it does on Peasants Day and the anniversary of the Agrarian Reform Law, especially since it is going to be presented during the closing session of the cooperative-peasant-scientific-technical meeting which began on 16 May at the Olo Pantojas Communist Party of Cuba School in Havana. On this occasion, 10 cooperative workers and farmers will receive the Romarico Cordero medal and the Antero Regalado award.

Balaguer 'Declares Himself' Winner of Dominican Elections

FL1805014294 Havana Cuba Vision Network in Spanish 0000 GMT 18 May 94

[Text] Dominican President Joaquin Balaguer has declared himself the winner of the presidential elections with a little over 43 percent of the votes counted, according to the ninth bulletin issued by the Central Electoral Commission of that country. The note states that more than 75 percent of the votes have already been counted. Balaguer leads his opponent Jose Francisco Pena Gomez by three points.

Reports indicate that the country remains quiet and that military patrols are more frequent in the face of electoral fraud claims, a claim also made in past elections. Pena Gomez, who is the candidate for the Dominican Revolutionary Party, the main opposition in the elections, stated that 200,000 of his followers were not allowed to vote.

[Begin recording] [Pena] I cannot say where this will end. We are talking about a fraud in the elections. The government and the Central Electoral Commission have an obligation to correct the situation.

[Balaguer] The elections have been fair. They claim that there has been so-called manipulation through the press, in complicity with foreign (?media). All these allegations must stand against the truth. The truth is stronger than anything. [end recording]

Dominican Republic

Balaguer Leads Pena Gomez in Elections

PA1705183994 Paris AFP in Spanish 1740 GMT 17 May 94

[Text] Santo Domingo, 16 May (AFP)—In the general elections held on Monday, after the Central Vote-Counting Board [JCE] had counted 46.14 percent of the votes, President Joaquin Balaguer led with 43.40 percent of the vote, while social democratic opposition candidate Jose Francisco Pena Gomez had received 40.47 percent of the vote. The official report is based on 1,645,179 votes cast, 1,557,712 of which were declared valid.

These figures reportedly guarantee Balaguer's assumption of office as president, for the seventh time, of this country of 7 million people.

The election results, nevertheless, were challenged by Pena Gomez on Tuesday. The opposition candidate reported a "blatant fraud" perpetrated by the JCE, which reportedly had left some 200,000 voters out of the lists.

Also participating in the race for the presidency are the Party of the Dominican Liberation of former president Juan Bosch, the Independent Revolutionary Party [PRI], and the Unity Independent Movement-New Power party. The following results are based on 46.14 percent of the counted votes.

Party	Votes	Percent
PRSC	676,057	43.40
PRD	630,057	40.47
PLD	204,587	13.13
PRI	35,249	2.26
New Power	11,285	0.72

Pena Gomez Suspects Fraud

PA1705192394 Mexico City NOTIMEX in Spanish 1727 GMT 17 May 94

[Text] Santo Domingo, 17 May (NOTIMEX)—Social democratic presidential candidate Jose Francisco Pena Gomez today demanded that the OAS investigate his allegations of fraud in the Dominican elections.

Pena Gomez, who was nominated by the Dominican Revolutionary Party [PRD], demanded that the elections be annulled in several provinces, claiming that some 200,000 voters were unable to vote because their names did not appear at the voting tables. Pena Gomez added that such irregularities constitute "major fraud" and asked his followers to remain alert because he believes "a serious attempt against democracy is under way." "These incidents are very serious, and the elections should be held again in those cities and provinces where the irregularities took place," Pena Gomez indicated.

Pena Gomez accused the Central Electoral Board [JCE] of excluding some 200,000 opposition supporters from the voter registration list to guarantee the reelection of President Joaquin Balaguer, candidate for the Social Christian Reformist Party. He stated that he will challenge the electoral results before the relevant authorities and demand new elections and the presence of international observers during the vote count. "We will also ask the OAS to investigate the event," he added.

PRD sources agreed that if Pena's request is admitted, elections will be held again in nearly 40 percent of Dominican territory.

This morning the JCE revealed that after counting 34.92 percent of the votes, Balaguer had obtained 43.64 percent and Pena Gomez 41.03.

Pena Gomez claimed that Balaguer's followers decided to suspend the vote count in Santo Domingo—where nearly 30 percent of all voters live—"because they know they are losing here." The PRD candidate said there was fraud in Santo Domingo and some provinces in the country's interior, particularly in an area inhabited by black Dominicans who work in some 20 sugar mills.

President Balaguer downplayed an eventual challenge of the election results, saying that "everyone will be satisfied with the way in which this electoral process has unfolded."

According to foreign journalists, the situation in the country is unstable. Three trucks carrying armed policemen have been deployed around PRD headquarters.

Dominicans went to the polls yesterday to elect a new president, vice president, 120 deputies, 30 senators, and 105 mayors.

Surveillance Increased in Capital

PA1705232394 Hamburg DPA in Spanish 2029 GMT 17 May 94

[Text] Santo Domingo, 17 May (DPA)—Dominican soldiers and policemen intensified today their surveillance around the poor neighborhoods that surround the capital and began searching vehicles for weapons. Soldiers and policemen, including special riot police forces, were posted at key points of the capital, especially in the neighborhoods where protests and violent demonstrations generally start. It was reported that the military occupation of the capital was ordered to prevent disorder and possible acts of violence.

The tension continues to increase in the Dominican capital, while reports on the election results are slowly being disclosed and charges of fraud by the opposition Dominican Revolutionary Party (PRD) increase.

Jose Francisco Pena Gomez, presidential candidate for the PRD, announced today he will ask for the annulment of the election results in the provinces where fraud is proven and reiterated his charges that the voter lists were altered to prevent members of his party and other opposition organizations from voting.

This afternoon another PRD leader accused the Central Electoral Board (JCE) of providing the country with incorrect information on election results. Manuel Esquea Guerrero, PRD delegate before the JCE, said the figures provided in official bulletins do not correspond to the figures provided to the parties on "diskettes," which should be the same figures provided to the public.

The country was partially paralyzed today. Government offices were not open, and many businesses remained closed. The schools that were used as voting centers yesterday did not open today either, and the flow of vehicles, both private and mass transit, was minimal.

The latest results provided by the JCE show an increase in Joaquin Balaguer's lead. With 61 percent of the voting tables counted, Balaguer has 786,559 votes or 43.53 percent. Opposition candidate Jose Francisco Pena Gomez has 730,775 votes or 40.44 percent of the votes.

Balaguer's Lead Continues

PA1805022294 Hamburg DPA in Spanish 0111 GMT 18 May 94

[Text] Santo Domingo, 17 May (DPA)—President Joaquin Balaguer and his Social Christian Reformist Party (PRSC) remain in the lead in the vote count for the presidency, with 66.5 percent of voting tables counted.

According to the latest bulletin issued by the Central Electoral Council (JCE), Balaguer and his running mate, Jacinto Peynado, had approximately 844,639 votes or 43 percent. His closest rival, Jose Francisco Pena Gomez, who is seeking the presidency on the Dominican Revolutionary Party (PRD) ticket, had a total of 788,134 votes or 40 percent.

Former President Juan Bosch and running mate Lionel Fernandez remain in a distant third place with 255,164 votes or 13 percent of the votes counted. Fourth place is occupied by Jacobo Majluta with 43,633 votes, 2.0 percent of the votes counted.

The PRD Political Commission will meet tonight to debate the actions to be taken regarding the charges of alleged fraud in the electoral process. This organization asserts that through the manipulation of the electoral lists, thousands of their followers were not allowed to exert their right to vote.

Meanwhile, the capital city of Dominican Republic remains militarized and surveillance has been increased at key points. The police and soldiers search vehicles that move close to the JCE headquarters and that arrive in Santo Domingo from cities in the interior. The search, it has been reported, is for weapons, which will be confiscated if found.

The situation continues to be one of tense tranquility and people await the final results of the electoral process.

Haiti

Jonassaint Installs Cabinet 16 May

FL1705184094 Port-au-Prince Signal FM Radio in French 1030 GMT 17 May 94

[Report by journalist Jean Luckenson on ceremony to install Jonassaint cabinet held at the National Palace in Port-au-Prince on 16 May; passages within italics in Creole—recorded]

[Text] [Announcer] Emile Jonassaint installed a new 12-member government on 16 May, less than 2 hours after his first presidential decree appointing the main members of the ministerial cabinet. The ceremony took place in the diplomatic lounge of the National Palace. Jean Luckenson reports:

[Luckenson] *The big rendezvous on the afternoon of Monday, 16 May, a few minutes before 1600 was at the diplomatic lounge of the National Palace where attorney Emile Jonassaint, provisional president of the Republic, was to present his six-point government plan. He gave each of the ministers of his cabinet a document symbolizing their commitment—or their taking office.*

The six major, priority, points of the Jonassaint government are: to eradicate criminality; to guarantee safety and peace in the nation's homes; to enforce Justice; to halt the boat people phenomenon; to lower the cost of living; and to increase the public revenues.

Jonassaint did not forget the students who will take baccalaureat exams this year, nor the arrangements he will set up for the electoral deadlines.

[Jonassaint] I have identified six essential priorities for a program of action. The first will have to do with buttressing order and security in Haiti within respect for the fundamental rights of the citizens. Concerned with eradicating criminality in Haiti and thereby establishing a true social peace based on a rule of law, my government is willing to firmly ensure the protection of lives and property. To that end, a national commission to guarantee the safety of the citizenry will be created.

My government commits itself to strengthening the structures of Justice to [word indistinct] to halt the boat-people phenomenon.

[Luckenson] *Jonassaint wants the private sector to cooperate with his government, and [says] they can count on his commitment and determination to protect their interests. [He explains that] he will manage to perform, in keeping with the possibilities of the moment.*

[Jonassaint] As for the private sector, I would like its active cooperation in the process begun in the country. It can already count on my deep determination to protect its interests.

[Luckenson] *Thanking the audience, the provisional president praised the courage and determination of the ministers who make up his cabinet. He asked the ministers to work hard, for the job is not easy, while the national and international communities are expecting much from them. Although the national soul is wounded, the cabinet must work for the people and the nation.*

[Jonassaint] As members of the cabinet, well, I [word indistinct] salute your courage and your high sense of civic responsibility and patriotism. From now on, the country would like to be able to look upon us with pride. The nation's too often wounded pride, its so often endangered and even mortgaged sovereignty....[changes thought] Let us, then, go and work for the Haitian people, for the nation. If someone has something [words indistinct] against our lives, then, let us die.

[Luckenson] *In his speech, which lasted about 10 minutes, Jonassaint presented himself as an apostle, a prophet who will guide those under him toward the path of progress for the future. In concluding, Jonassaint said: To die for one's homeland is fine; let us dig with pleasure.*

After his speech, the unofficial Office of the Senate of the Republic—which is presided over by Bernard Sansaricq, a member of the Alliance for Parliamentary Cohesion and the family of contested senators [issuing from] the [contested] 18 January [1993] elections—paid its respects to Jonassaint; then came the turn of Chamber of Deputies delegation made up of Deputies Denis Saint-Fort, Emmanuel Reyme, Pierre Francois Vital, Jacques Lafleur, and Laguerre. Next, the Armed Forces High Command, headed by Lieutenant General Raoul Cedras, gave the provisional president a military salute. Respects were then paid to Jonassaint by the president and vice-president of the Supreme Court of Accounts and Administrative Litigation, the chairman of the board of directors of the Banque Nationale de Credit, and members and representatives of various opposition parties.

In the opinion of attorney Mireille Durocher Bertin, the provisional president's principal private secretary, Article 149 is a partial solution to the crisis the country is experiencing. This is a process of national rescue, [she said, and] we are moving forward.

[Bertin] This process...[changes thought] We are looking for a national rescue solution and, as you know, Article 149 is (?obviously) a provisional solution. Thus, we are moving forward, and with the grace of God, Haiti will be saved.

[Luckenson] *From what we managed to see, Emmanuel Constant, head of the neo-Duvalierist party Revolutionary Front for the Promotion and Progress of Haiti, was not present, nor was engineer Franck Pierre, head of the Capois Lamort Organization. Professor [Hubert] de Ronceray was absent as well.*

According to what we saw, the government is not headed by a prime minister. It is made up of only 12 ministers: one woman and 11 men.

Many observers following the crisis in Haiti are very worried, in view of the Haitian people's alarming situation: power outages, a high cost of living. In the next few days, the international community will strengthen the economic sanctions against Haiti, while threats of [military] intervention are hanging over the country's head. The question, which remains without an answer, is the following: Has Haiti become Hollywood? Is it a two-headed country? Two senate presidents are fighting for a single chair; there are two presidents of the Republic, and two governments of the Republic for a small population, a single nation.

This is Jean Luckenson for Signal FM.

Senate Leader Expresses Reservations About Jonassaint Actions

PA1805021894 Madrid EFE in Spanish 0004 GMT 18 May 94

[By Herold Jean-Francois]

[Text] Port-au-Prince, 17 May (EFE)—Senator Bernard Sansaricq, the primary promoter of the installation of Judge Emile Jonassaint as chief of the Haitian state, today publicly voiced his disagreement with the way in which the new government was established.

The first differences between the soldiers and the civilians who promoted a coup d'etat that toppled constitutional President Jean-Bertrand Aristide on 30 September 1991 are emerging six days after the octogenarian Jonassaint was installed. He also matter of factly assumed the post of prime minister on 16 May when he established a new government with the military's support.

Jonassaint, in a decision enacted by decree, assumed full control of the Executive Branch on Monday and announced that he would assume the posts of provisional president and prime minister. After the de facto ruler made his announcement, Acting Prime Minister Robert Malval urged government officials and the general public to "ignore all instructions given and decisions made" by the Jonassaint Government.

Meanwhile, Sansaricq expressed his reservations about certain ministers appointed by the new government and presented a copy of correspondence he exchanged with Jonassaint on 13 May in which Sansaricq asked Jonassaint to send to the Senate leadership, which he heads, the name of the person who would occupy the post of prime minister. Jonassaint, 81, replied that after consulting Chamber of Deputies President Frantz Robert Monde, the latter convinced him to not appoint a prime minister because of the "special nature" of his government.

Hubert Deronceray, leader of the group Mobilization for National Development, the main promoter of the implementation of Article 149 of the Haitian Constitution, which was the basis for the appointment of Jonassaint to the post, accused the "de facto" president of violating that constitutional statute. Deronceray, who had supported the appointment of the ruler imposed by the military men of General Raoul Cedras, the leader of the coup against Aristide, said that his party was surprised to confirm [comprobar] that Jonassaint violated the Haitian Constitution.

The right-wing leader, who had hoped he would be appointed head of government, accused Jonassaint of eliminating the post of prime minister "and of establishing a government without consulting the parties." Deronceray described the way in which that article was applied as "a shadow of Article 149" and stressed he will monitor future developments.

Meanwhile, the de facto ministers appointed by Jonassaint were installed on 16 May.

Robert Malval the prime minister appointed by Aristide, called for fiscal disobedience. Malval, in reaffirming his rejection of the Jonassaint government, described as void "all decrees, administrative acts, property concessions, and creations of associations." [sentence as received] He advised state traders that if they supply services to the de facto government, such financial obligations will not be honored. Malval also said that he will not recognize promotions of public administration personnel.

Malval Calls for Cedras To Resign 'Immediately'

FL1805004994 Castries HTS Caribvision Television in English 1945 GMT 17 May 94

[Text] The tension in strifetorn Haiti appears to be mounting as the opposing factions seem set on a collision course. As we hear in this dispatch from (Valery Albert), President Clinton's threat of invasion was met with outright defiance by the military led by Raoul Cedras. Now has come a new move on the part of the legitimate leader, Prime Minister Robert Malval.

[Begin (Albert) recording] Acting Haitian Prime Minister Robert Malval, breaking a six-month silence with a bold act of defiance, on Monday called on Army chief General Raoul Cedras to resign immediately. Shaking with anger. Malval accused Cedras of disgracing his uniform and locking the country in the darkness of night by defying international sanctions, and demanding the return of democracy and of President Jean-Bertrand Aristide, ousted in the 1991 coup.

Malval also called on Haiti's civil servants to disobey orders from the provisional regime installed by the Army last week. Malval has been Haiti's acting prime minister since resigning his post in December after the breakdown of the UN accord restoring Aristide to power. [end recording]

Delpe Says FNCD Decision To Suspend CONACOM Temporarily

FL1705185794 Port-au-Prince Signal FM Radio in French 1030 GMT 17 May 94

[Text] There is grumbling within the National Front for Change and Democracy [FNCD] following the decision to temporarily suspend the National Congress of Democratic Movements [CONACOM] from the FNCD. Senator Turneb explains that this suspension was decided in an assembly. Interviewed by our colleague Leontes [Dorzilme], Delpe recalled that it is a temporary suspension, not an expulsion. Let us listen to the report of Dorzilme's report:

[Begin Dorzilme recording, in Creole] The pot of division is boiling within the FNCD following the front's latest decision temporarily suspending CONACOM. However, if we are to believe a note dated 10 May, many

FNCD member parties say there is no breakup within the FNCD, and that the decision that the member organizations made as regards CONACOM is only an administrative one.

This matter developed on 13 May, when we received a note signed by Jude Marie Jacinthe, Isaac Garcon, and Mitrany Victor as officials of the FNCD parliamentary bloc within the Chamber of Deputies. Those people asked that [FNCD spokesmen] Evans Paul and Turneb Delpe go back on their decision [temporarily suspending CONACOM from FNCD] within 48 hours. They threatened to no longer recognize the spokesmen if they failed to do so.

The resolution suspending CONACOM from FNCD was voted by a minority, according to the note from Jude Marie Jacinthe, who shares a position with Dunois Eric Cantave, the person in charge of political affairs within CONACOM. [end recording]

PAN Deputy Criticizes Attorney General Valades' Removal

PA1705163794 Mexico City UNOMASUNO in Spanish 16 May 94 p 4

[Report by Jorge Octavio Ochoa]

[Text] Fernando Gomez Mont, National Action Party [PAN] deputy and president of the Chamber of Deputies' Justice Commission, has described as "serious and unhealthy" the replacement of the attorney general because, he said, this change "reflects political and juridical instability in the country." Gomez Mont yesterday favored legal reforms to give the Attorney General's Office [PGR] full autonomy and detach it, once and for all, from the Executive's decisions.

Rene Bejarano Martinez, leader of the Party of the Democratic Revolution in Mexico City, has said that Diego Valades Rios' hasty dismissal "casts serious doubts on the government and the administration of justice in the country" and arouses the "permanent suspicion" that high officials are involved in drug trafficking, all of which heightens the climate of insecurity in Mexico.

All of these changes have altered the functions of the Attorney General and Mexico City's Federal Attorney General. It is time for this office to become fully autonomous and to be freed from the president's control, Gomez Mont said. He voiced his fears that Humberto Benitez Trevino, the new PGR head, will file away the Hank Gonzalez case permanently.

Gomez Mont said that Benitez is openly pro-Gonzalez and that all of Benitez' background consists of positions he held in the state of Mexico and SARH, [Secretariat of Agriculture and Hydraulic Resources] which was headed by Gonzalez. Apart from this, the change "is unhealthy" because it destabilizes the institution even further and reveals "a certain mismanagement" at the federal level. These changes give the impression of "messiness." Instead of benefiting the country, these changes harm it.

Finally, Gomez Mont refuted the report that his party pressured for Valades Rios' removal.

Report Assesses Illegal Drug Business

PA1705184494 Mexico City LA JORNADA in Spanish 16 May 94 pp 46, 60

[Article by correspondents Salvador Guerrero Chipres and Jesus Aranda and "special correspondent" Aurelio Garibay]

[Text] Tijuana, Baja California, 15 May—According to estimates made public by the Attorney General's Office (PGR), drug trafficking groups operating in Mexico will receive gross revenues totalling about $30 billion this year—an amount that represents one-sixth of the value of annual cocaine consumption in the United States.

According to a confidential report prepared by the PGR and obtained by LA JORNADA, the annual drug market in the United States has expanded from $76 billion to $181 billion. Even the U.S. Senate narcotics subcommittee has reported that nearly $100 billion originating from drug trafficking is held in U.S. banks.

According to the PGR, "the value of the world's illegal drug market is estimated at close to $500 billion," making it the underground financial sector with "the highest growth rate in the world."

Based on figures and documents prepared by the PGR, which have been reported to the president of the republic, and based on forecasts prepared by organizations such as the Hemispheric Information System for Narcotics Control (SHICD), which is "an intelligence network" designed to fight drug trafficking on the continent, it has been established that Mexico's crude oil and non- crude oil export revenues, in addition to the overall value of the nation's manufacturing industry, represent "an amount comparable" to the total gross revenues earned by domestic drug trafficking.

However, the portion of these revenues that remains in Mexico "is unknown, although most of it is thought to go overseas."

The previously mentioned amount is equivalent to four times the value of 1993 crude oil exports reported by the Bank of Mexico, which amounted to $7.418 billion.

In 1992, the federal government warned in a document entitled "Drug Control in Mexico" that resources controlled by narcotics traffickers and their gross revenues are capable of infiltrating any sector: "This calls for special attention in terms of protecting the nation's economy and, more important, the regional economy in order to prevent drug trafficking assets from becoming the nerve center of economic activity."

According to the same document, so far in 1994 the total revenues received by criminal organizations amount to nearly four times Mexico's total public and private foreign debt. Although significant, this amount must also be appreciated in terms of the material and human costs associated with operations leading to drug seizures.

One kilogram of high-grade cocaine in the U.S. retail market can be bought for a price ranging between $80,000 and $100,000.

Nearly 178 tons of cocaine where seized and destroyed during the first four years of this administration.

In October 1993, Morelos Governor Jorge Carrilo Olea said: "Drug trafficking has created its own culture, its own social structure, and its own safety controls, and, in some countries, it constitutes an element that influences and weighs heavily on society and the state, even threatening to subjugate them." Mr. Carrillo was at one time in charge of the PGR's Counternarcotics Office and also a presidential adviser specializing on drug related issues.

He also said: "The principle of profitability and capital return makes this phenomenon very different from other illegal practices. This is a criminal network which, following the pattern of an open and free market, assumes the shape of multinational corporations with a management, organizational, and operational structure that reflect pure business concerns."

Carrillo also pointed out that the enormous drive behind drug trafficking includes access to sizable financial assets and the illegal flow of resources that penetrate the economies of developing and consumer countries, as well as those nations that serve as bridges. In addition, there are the widespread international criminal organizations which "in some cases, infiltrate and erode government structures responsible for controlling them," such as has occurred in Mexico, according to a public acknowledgement by PGR authorities.

The third element is the constant association between drug trafficking and illegal weapons trafficking, "which constitutes a formidable threat to stability and regional peace, especially in the case of Latin America."

It is worth noting that several insurgent movements have been linked by various South American governments to weapons trafficking.

Here in Mexico, according to statements by Subcommander Marcos, the weapons used by the EZLN [Zapatista National Liberation Army] were purchased in the black market and include weapons seized by PGR agents from drug traffickers. The PGR has not commented on the rebel's statements.

In October 1993, General Carrillo Olea, who is also a former national security director, indicated: "The struggle waged by the police and the military against organized criminal organizations has upset society and shaken the political sector in a very significant way. Therefore, without denying the value of these resources, it is important to examine this carefully and to maintain the firm resolve to restrain its progression. The objective in this war is not to destroy the enemy, because this is impossible. The goal is to keep the enemy under control."

He added: "Wars against drugs trafficking expose institutions to ever-increasing risks of corruption. One of the most disappointing lessons of the campaigns waged against global drug trafficking has been to observe how institutions responsible for implementing the law are powerless against internal corruption campaigns staged by the drug lords. All contact with traffickers, even as enemies, increases the possibility of corruption."

Roundup of Economic Developments

PA1705201094

[Editorial Report] The following is a compilation of reports on Mexican economic developments monitored through 17 May.

A Mexican Petroleum, PEMEX, spokesperson reported on 10 May the company registered a 4 percent increase in its production during the first two months of 1994 compared to the same period in 1993. Of the 2.71 million barrels a day it produced during that period, it exported 1.34 million to its clients in America, Europe, and Asia, while it refined the remainder to sell in Mexico as various petroleum products. During that period, the United States was the primary foreign client with 73.1 percent of the exports, followed by Spain with 11.2 percent, and Japan with 4.4 percent. (Madrid EFE in Spanish 1735 GMT 10 May 94)

Foreign investment in the Mexican Stock Exchange, BMV, registered an 11.54 percent drop in the first four months of 1994 caused by investors' nervousness over the country's political and social instability. Figures indicate that in January foreign participation reached $60,924,055,000, a historic level for the market, while in April, it dropped to $48,328,032,000. (Mexico City UNOMASUNO in Spanish 10 May 94 p 18)

An analysis by the Confederation of National Chambers of Commerce, Concanaco, indicates that although tourism activity has improved, the number of tourists must increase, markets must be diversified, and the tourism infrastructure must be modernized so as to generate more revenue and create more jobs. It reported that 6.625 million tourists visited the country in 1993, a 4.3 percent increase over 1992. (Mexico City EL FINANCIERO in Spanish 10 May 94 p 28)

Analysts of the Mexican Employers Confederation, Coparmex, indicated that the meager recovery and the critical situation of most of the micro, small, and medium-sized businesses prevents them from creating new jobs in the short term. Added to the elimination of jobs, this creates an employment outlook that is not very optimistic for 1994-1995. On the same subject, the National Processing Industry Association, Canacintra, maintains that this year at least 50 percent of the population entering the labor market will not find employment. The lack of a recovery in the national production sector, especially in industry, means that less than 500,000 new jobs will be created, compared to a demand for more than 1 million jobs. (Mexico City EL FINANCIERO in Spanish 11 May 94 p 28)

Telecommunications of Mexico, Telecomm, officials have admitted that this sector's obsolete infrastructure has led to economic losses difficult to quantify and underutilization of the demand for satellite and telegraph telecommunications. They added that this is why it must resort to privatization, modernization, or outright elimination of some of its services. Regarding ground stations for national television, Telecomm has 253 but only 14 transmitters are in operation. Ninety percent are receivers, most of which were transferred by Televisa between 1980 and 1986 and are already obsolete. There are plans to modernize the center that monitors the quality of television signals because it is more than 20 years old. Regarding telex service, demand has fallen drastically due to its technological obsolescence, bad quality, and high cost. (Mexico City EL FINANCIERO in Spanish 11 May 94 p 11)

In the last three years, there has been an inconsistency between the economic policy of the National Development Plan, PND, and the evolution of the main macroeconomic variables, particularly the GDP. According to research by EL FINANCIERO, based on information from the National Institute of Geography, Statistics, and Data Processing, the gap between the government projections and the economic reality was influenced by the reduced presence of the main productive sectors in the domestic sector. Expenditures by the industrial sector registered a 5 percent drop between 1989 and 1993 while those in the service sector grew only 0.8 percent in the same period. During the first three years of the current administration, the economic policy followed the authorities' plans and the evolution of the main indicators even surpassed the goals set initially. The GDP was expected to grow between 2.9 and 3.5 percent between 1989 and 1992 but reality surpassed the projections, reaching an average of 3.8 percent. However, beginning in the second half of the six-year term, the macroeconomic variables entered into a difficult situation. In 1993, there was a 1.4 percent drop in investment. In order for the GDP to reach the level that was proposed in the PND, it will need to increase more than 9 percent by the end of the year. This seems unlikely when one observes there were no satisfactory results in the economic recovery in the first quarter. (Mexico City EL FINANCIERO in Spanish 11 May 94 p 28)

The National Chamber of Commerce, Canaco, reported that retail sales in Mexico City dropped 40 percent during the first quarter. Retailers attributed the plunge to "social uncertainty" and "nervousness" among consumers. They see "no major recovery during the second quarter" as the current situation is expected to continue. The report lists toys with a 54.4 percent drop, clothing in general with a 47.8 percent fall, jewelry with 45 percent, automotive parts with 43.7 percent, furniture and major appliances with 43.3 percent, and records and phonograph equipment with 42.9 percent. Canaco said that "small and medium businesses are especially susceptible to such adverse conditions." Some merchants reported that they were forced to lay off personnel, close branches, and adjust working hours. (Mexico City LA JORNADA in Spanish 11 May 94 pp 1, 46)

The domestic debt "rose 32.5 percent from December 1993 to April 1994," according to a report issued by the Bank of Mexico. The report says that the federal debt rose to 220 billion pesos. The Treasury Secretariat and the BMV pointed out that "for every additional percentage point gained by Federal Treasury Certificates, the domestic debt increases at least 764 million new pesos per year." (Mexico City LA JORNADA in Spanish 11 May 94 pp 1, 48)

Carlos Hank Gonzalez, the secretary of agriculture and hydraulic resources, announced that the development banks "will invest 16.373 billion new pesos in 1994 to support production projects." The investment "will not only be in the area of loans, but in new technology for cattle farming, agriculture, finance, and marketing." In explaining the benefits that NAFTA will offer this sector, the secretary regretted that "we would have liked to see some import tax cuts for several other products," such as melons, watermelons, and several green vegetables, "but we must work with what we managed to agree on." (Mexico City LA JORNADA in Spanish 11 May 94 pp 1, 49)

Chiapas State Government officials announced that they expect to pay approximately 954,000 new pesos a month to cattle breeders in Ocosingo, Altamirano, and Las Margaritas, to compensate for land they lost to Indian occupations in the recent uprising. There are over 21,220 hectares of land involved in an agreement reached with the breeders, which totals 8.59 million new pesos in compensation payments. Governor Javier Lopez Moreno said that "the government is capable and willing to solve the economic, political, and moral problems of the cattle breeders and the Indians alike." (Mexico City LA JORNADA in Spanish 11 May 94 p 9)

Pemex Director Francisco Rojas, in an interview with LA JORNADA, reported that the corporation is now ranked sixth in worldwide production figures. Rojas said that total production for 1994 will average 2.775 million barrels per day, 29,000 higher than the 1982 record. He added that reserves total 64.516 billion barrels of crude, estimated at $850 billion. It will be necessary to invest about $20 billion in order to maintain the current levels, "but that does not mean Pemex's doors will be left wide open to private domestic or foreign investment." (Mexico City LA JORNADA in Spanish 12 May 94 pp 1,54]

Speaking before the Confederation of National Chambers of Commerce (Concanaco), Carlos Isoard, director of the Bank of Mexico's Commercial Development Fund, reported that the commercial sector's debt with development banks has increased nearly 200 percent so far in the current six-year period and is expected to increase another 100 percent in 1994. In five years, loans for this sector have increased by 686 percent. Concanaco presented a number of proposals to stimulate this sector, including the liberation of the financial ceiling, opening credit lines of as much as 50,000 new pesos, and establishing stopgap loans and preferential rates. Roberto Dieguez, director of the National Foreign Trade Bank, reported that the loans granted by the bank between 1989 and 1993 increased 375 percent. The demand for credit is so heavy that more than 74,000 enterprises requested loans in 1993. (Mexico City LA JORNADA in Spanish 12 May 94 p 52)

The Bank of Mexico has reported that in March the nation's currency grew at an annual rate of 19.9 percent. The bank also reported that in March bank deposits increased by only 100 million new pesos over the previous month. Over the same period, financing for the non-banking sector increased by 14.4 billion new pesos. The amount of bills and coins in circulation increased 21 percent, and the amount checks increased 19.5 percent. Two reasons were given for the increase in money in circulation: 1) abnormally low bank balances in 1993 because of the economic slowdown, which in turn led to lower interest rates paid to depositors; and 2) the heavy demand for currency in March. The bank also reported that in the first quarter of the year financial middlemen received 14.3 billion more new pesos from the public. (Mexico City EL FINANCIERO in Spanish 12 May 94 p 6)

Mexican Petroleum Director Francisco Rojas has said that larger crude oil production will depend on investment and that at least $20 billion will be required during the next five-year period. Nevertheless, he reported that the production of liquid petroleum products in 1994 will exceed the 1982 all-time record. The 1991-1994 average daily production will be 2.775 million barrels—that is, 29,000 more barrels a day than in 1982—a figure that places Mexico as the world's sixth largest producer. Proven oil reserves on 31 December 1993 were 64.516 billion barrels of crude oil. At $13 a barrel, these reserves were valued at around $850 billion. (Mexico City UNOMASUNO in Spanish 12 May 94 p 22)

The Mexican beef industry, unsubsidized and pressured by grain shortages, high interest rates, increasing beef imports spawned by NAFTA, and great commercialization difficulties, could very well go bankrupt if it is not placed on equal footing with the U.S. industry. Most of northern and northeastern Mexico's fattening businesses have gone under. The Mexican beef fatteners are alarmed. U.S. exporters plan to ship 400,000-500,000 metric tons of beef, worth $1 billion, to Mexico by the year 2000. (Mexico City UNOMASUNO in Spanish 12 May 94 pp 1, 22)

At a cost of more than $2.4 billion, the six units of the Federal Electricity Commission's Petacalco thermoelectric complex will become operational next month, according to plant Manager Isidro Bernal Salinas. The complex will meet the electric energy needs of 11.5 million people in the states of Michoacan, Guerrero, Colima, Morelos, and parts of Jalisco and Mexico. The plant, the largest of its kind in Latin America, can burn fuel oil and coal imported from Australia, Canada, and the United States. The plant will be connected to the national power grid in June or July through two 230,000-volt and three 400,000-volt lines. Authorities say that on completion the plant will be capable of generating 18.396 billion kilowatts at full capacity. (Mexico City LA JORNADA in Spanish 13 May 94 p 37)

The Chamber of Deputies has received a report from the Finance Secretariat saying that public finances show a surplus of 522 million new pesos for the January-March period. (Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 16 May 94)

The Finance Secretariat has reported that Mexico's exports of assembly plant products to the United States and Canada increased by 24 percent and 29 percent, respectively, during the first two months of the year. (Mexico City NOTIMEX in Spanish 2058 GMT 16 May 94)

Costa Rica

Costa Rican Fishing Yachts, U.S. Tourists Released

PA1605180294 Panama City ACAN in Spanish 1637 GMT 16 May 94

[Text] San Jose, 16 May (ACAN-EFE)—Two boats detained by the Sandinist People's Army [EPS], in Costa Rican territorial waters on Saturday, arrived today, Monday, at Barra del Colorado on Costa Rica's Caribbean coast. Meanwhile, the tourists returned last night on a commercial flight from Managua.

The capture of the yachts was downplayed by Costa Rican President Jose Figueres, who said it was "an unfortunate incident" that is a "residue of the more tense relations" Costa Rica and Nicaragua have experienced in the recent past.

The Nicaraguan military released yesterday eight persons—five U.S. tourists and three Costa Rican crew members—who were arrested by the EPS in the Barra del Colorado (Costa Rica) coasts, 240 km northeast of San Jose, while they were sports fishing.

Meanwhile, two "Navajo" aircraft sent by the Costa Rica Expeditions tour company, owner of one of the yachts, remained in Nicaragua because "fuel had to be transported from here (Costa Rica), as the military did not supply us," company executive Javier Salazar told ACAN.

The aircraft transported from Bluefields [Nicaragua] company personnel and reporters "who had to return on a commercial flight last night from Managua," with the released tourists, Salazar assured.

The company executive said the Nicaraguan immigration authorities released the tourists and the crew "without any type of explanation."

All those involved in the incident from the Costa Rican side said that the capture took place in Costa Rican waters off the Barra del Colorado coast, in the Caribbean.

The Nicaraguan military version indicates that the tourists were in Nicaraguan jurisdiction, 10 miles north of the border with Costa Rica. Therefore, they proceeded to arrest them.

The detained, all U.S. citizens, were identified by Costa Rican police as Ted Mucium, Frank Vanderburght, Brian Brouckaert, and Erick and Parl Becker. They were travelling on the yachts "Bull Shark" and "Guapote," commandeered by Costa Ricans Luis Torres, Wally Wallace, and Roberto Graund.

Guatemala

Official Discusses Attack on U.S. Woman, Adoption Case

PA1605225994 Guatemala City Teleonce Television in Spanish 1900 GMT 16 May 94

[From the "Telepress" newscast]

[Text] Residents of the (Nimacuyu) neighborhood in Zone 21 last Friday tried to lynch a U.S. woman whom they claimed had stolen a child. The Attorney General's Office denied she had kidnapped the child, disclosing that there are legal adoption papers in an auxiliary office of the Attorney General's Office in Coban, Alta Verapaz. Francisco Daniel Flores, delegate from the Coban office, explained the case:

[Begin recording] [Flores] Yes, it is true. At the Coban agency of the Attorney General's Office, we have studied the legal adoption papers of those gringos who appeared yesterday on television. They have complied with all the requirements demanded by the law, and their papers are in order in our office as well as in the court that has made the financial investigations. The mother was summoned by our agency, and she voluntarily turned over the little girl.

[Unidentified reporter] Who are the parents of this minor?

[Flores] I cannot remember the woman's name right now, but she lives in the Canton Las Casas neighborhood in Coban, Alta Verapaz. She has 12 children, and there are documents that prove she has given up another child for adoption.

[Reporter] Did she sell her child, or was the child taken away from her against her will?

[Flores] As guarantors of the investigations we conduct with regard to adoption, we summoned the mother, and she testified that she gave up the child for adoption of her own will. She says she cannot support this child because she has too many children. She is looking out for the child's well-being, and therefore she prefers to give her up for adoption.

[Reporter] She did not sell the child?

[Flores] Not at all, and there are witnesses at the agency where she said that she had given the child away as a gift and she had not sold the child, as many people claim. I repeat, the woman has 12 other children, and she previously gave up another child for adoption. She cannot support the children; she cannot buy food for them.

[Reporter] How about the U.S. woman? Who is she, and what does she do?

[Flores] Prior to legalizing the adoption, we investigated the dossier. We saw the dossier included authorization by the U.S. Embassy allowing the woman to adopt the child.

[Reporter] Why was the U.S. woman interested in this minor?

[Flores] The couple has problems and cannot have babies. They wanted to have a child, and, when the opportunity to adopt this Guatemalan child arose, they said they wanted this child.

[Reporter] How long have they been working on this adoption?

[Flores] They have been working on this adoption for approximately six months. They have been in Coban since last December when they started the legal adoption paperwork.

[Reporter] How many adoption cases have you processed in this agency?

[Flores] This is the first adoption case I have processed in the time that I have been working in Coban.

[Reporter] How does the father of the child feel about this?

[Flores] Unfortunately, the child is not a legitimate child, and there is no record of who her father is. We have only talked with the mother of the child. [end recording]

Honduras

Economy Minister Announces New Negotiating Strategy

PA1605000994 San Pedro Sula TIEMPO in Spanish 10 May 94 p 4

[Report by Luis A. Rodriguez]

[Text] Tegucigalpa—The government will not negotiate with international financial organizations to continue the economic adjustment program imposed by Rafael Leonardo Callejas' administration. It will instead present its own proposal, which has been coordinated with different productive sectors.

The statement was made yesterday by Economy Minister Delmer Urbizo Panting a few hours prior to talks with international credit organizations, scheduled for today and tomorrow.

He added that the international representatives' visits will involve preliminary negotiations where they will discuss the terms for a negotiation and the possible results, to have an overall idea and later notify all the groups.

"We must temper agreements reached by the previous government and the conditions (established with financial organizations) so these do not have a violent impact on the Honduran people; if they made credits contingent upon something, we will try to reverse that," he said.

Referring to the increase in some staple product prices, Urbizo Panting said that according to figures from the Central Bank of Honduras, there was a 3 percent increase in February, but it dropped in March, which proves it has been a moderate increase.

The economy minister said agreements have been reached with the private sector concerning price controls, a salary increase, and the supply of assets and services.

He added that when the economic cabinet begins to discuss the scope of the measures with international organizations, the cabinet will have to first reach an agreement with businessmen so that they are fully aware of the situation.

The official said the government wants the national community to be aware of the possible results of the credit organizations' plans and the state's position in the talks.

He emphasized that joint efforts must be exerted by all national groups to face the challenge, not only of international organizations but also the challenge resulting from a shortage of products.

President Says No to Taxes on Water, Public Services

PA1705031494 San Pedro Sula TIEMPO in Spanish 15 May 94 p 2

[Text] Trinidad, Santa Barbara—President Roberto Reina yesterday said that the potable water and electric energy services will not receive a 7 percent tax, as international financial organizations have recommended. Reina, who presided over the commemoration of the 200th anniversary of this city's founding, thus refuted Deputy Finance Minister Ramiro Lozano Landa, who had reported that those services would be taxed. "Every report should be released positively rather than negatively. The country's problem is its economic situation, which was not created by this government but handed down from the previous one. We are trying to solve it," he said.

He pointed out that by the human face he so much referred to in his political campaign he meant to avoid, as much as humanly possible, imposing too much of a burden on the country's popular and lowly classes. "This is the battle I am waging. If you journalists do not help me, you will be opposing the Honduran history," he said. Nevertheless, he said that, if new taxes have to be established, they should be applied on those who are economically stronger. "I would regard this as the right direction."

Regarding a report by Byron Suazo, Liberal Party deputy for La Paz Department, saying that the confidential fund had not been suspended as Reina had promised in his campaign, but had its name changed to humanitarian fund, the president said the report is aimed at tarnishing his moral revolution. Reina admitted that the presidency incurs in "normal expenditures" but that every single cent disbursed is audited.

As for the third fuel price increase decreed in three months, the president said the prices of oil by-products do not depend on his administration but on international market prices. "The country experiences a difficult situation. If we do not control the current inflation, we would enter into an even more difficult situation. It is not the government, but inflation, which harasses the people. We are trying to solve the problem," he said.

He said if fuel prices are lowered on the international market those prices will automatically be lowered in the country by the same percentage. He added that the people should be defended by preventing taxes from pressuring them. "This is the tragedy that we have been experiencing."

Reina said his government is in the process of outlining a regulation to protect the country's forests. He remarked that, as the result of demand by the majority of the people, he has ordered the cutting of trees stopped. He said he took the measure because of the way forests are being destroyed. He described forests as vital to prevent river basins from drying up. If this happens, the country would be left without water. He affirmed that he will maintain his position and that he will not accept pressure from government officials who own lumber mills.

Reina also said he never promised to make public the names of the former officials involved in corruption. He said that he had pledged to give the names of the institutions where these officials worked and that this is what he did.

Regarding the money that the government plans to lend peasants for agricultural activities, Reina said that Natural Resources Minister Ramon Villeda Bermudez has already reported on how the farmers will be aided.

[Mexico City NOTIMEX in Spanish at 2051 GMT on 14 May reports that Deputy Finance Minister Ramiro Lozano had announced that the government would tax potable water, telephone, and electric energy services. Lozano reportedly had also announced taxes on school materials, cable television, and videos, and that these taxes were necessary because of World Bank and IMF demands.]

Army Chief Says Executive Decisions on Military 'Correct'

PA1705044594 San Pedro Sula TIEMPO in Spanish 15 May 94 p 6

[Text] Tegucigalpa—Armed Forces Chief General Luis Alonso Discua Elvir said Friday that the latest actions of President Carlos Roberto Reina regarding the Armed Forces are correct and, therefore, must not surprise anyone.

Gen. Discua attended the inauguration of the first industrial park of Comayagua. There, he was asked his opinion of the Executive Branch's decision to strip the Armed Forces of control over Hondutel [Honduran Telecommunications Enterprise] and other government institutions, as well as to establish voluntary military service.

The military chief affirmed that those decisions do not create differences between the Executive Branch and the Armed Forces. "I think that what is being done is correct," Gen. Discua explained.

Discua indicated that the agencies that were administered by the military had always belonged to the Executive, adding "this must not surprise anyone; these are just agencies that come under the Executive, and the managers must be appointed by the Executive."

In the meantime, Discua said he met with President Reina on Wednesday afternoon to analyze the problem of the increase of crime in the country. He concluded: "We have full support from the Executive to face the wave of criminality that has emerged."

Roundup of Economic Developments

PA1705235894

[Editorial Report] The following is a compilation of reports on Honduran economic developments monitored through 17 May:

Despite the economic recovery achieved by Honduras in 1993, there was a considerable drop in the per capita GDP which registered 0.3 percent, compared to 2.2 percent in 1992. Also, the economic slump caused the per capita income to drop from 1.7 percent in 1992 to 1.2 percent in 1993. (San Pedro Sula TIEMPO in Spanish 10 May 94 p 6)

Official statistics indicate that during the first four months of 1994, inflation rose in Honduras to 8.42 percent, which is twice as much compared to the same period of 1993. Also, consumer prices increased by 2.76 percent. The Central Bank of Honduras reported that the most significant increases were in transportation costs, which increased 7 percent, housing 4.4 percent, and foodstuffs 3.3 percent. (Mexico City NOTIMEX in Spanish 1752 GMT 15 May 94)

Honduran Government and business officials have rejected a report issued by the British magazine THE ECONOMIST INTELLIGENCE UNIT which notes that Honduras is a high-risk country for investment. According to the magazine, Honduras is on the same economic risk level as Nicaragua and Bosnia, among others. Adolfo Facusse, president of the Honduran businessmen's association, said the problem is that such publications do not receive any response from the authorities in their country. He admitted, however, that Honduras is experiencing an economic crisis that could scare away investors. (Paris AFP in Spanish 1856 GMT 16 May 94)

Nicaragua

H. Ortega Interviewed on Pending Retirement, New Military Code

PA1605204794

[Editorial Report] Managua Canal Cuatro Television in Spanish at 0430 GMT on 14 May broadcasts a 75-minute interview with Nicaraguan General Humberto Ortega, chief of the Sandinist People's Army (EPS), by Canal Cuatro News Director Manuel Espinosa Henriquez at the station's studios in Managua. The interview is live or recorded.

Espinosa begins the interview by asking Ortega why 21 February 1995 was chosen as the date for his retirement. The general replies the date is the result of the two-year process under which the new military code was drawn up. Ortega says: "The agreement we reached has now become very important for the nation's stability." He adds: "My retirement, which has been highly politicized, has been practically resolved within the framework of the military code and within a framework of a solution acceptable to the executive, as well as to the EPS."

When asked whether he chose the date of his retirement or whether President Violeta Chamorro chose it, Ortega replies that the date was agreed upon by the two sides.

The general says he had agreed with President Chamorro to confirm his retirement date and to unveil the new draft Military Organization Law in the afternoon of 18 May. Ortega says: "What is most important is that this is being done based on an understanding and a rapprochement that takes important considerations into account."

Espinosa continues by asking Ortega whether other EPS officers will also be retiring. Ortega replies that, at this time, no one else will be retiring, because junior officers still need to be trained to fill upper-level positions. Ortega adds that he had never planned to stay in the Army his entire life.

The discussion turns to the amount of time the next EPS chief will remain in the post. Ortega says an agreement has been reached on the tenure of this post, which will run about the same length as the presidential term of five years.

In response to a follow-up question, Ortega says the choice of the new EPS chief will be based on the military career of various candidates, adding that the chief will be chosen from the High Military Command.

After Espinosa asks who indeed will be chosen to replace him as commander of the EPS, Ortega says the Military Council will review and examine the merits of all candidates, and it will then present its findings to the president in accordance with the military code. Ortega adds that he will be leaving the Army with the satisfaction of knowing he has fulfilled his role.

Espinosa then questions Ortega on his plans following retirement. The general responds by saying any position he might hold as a civilian will not prevent him from "contributing to the freedom and full democracy" that Nicaragua has yet to enjoy. Ortega says he will devote himself to working with those who are interested in finding a solution to the critical situation facing Nicaragua.

He says: "I honestly am not interested in becoming actively involved in any specific political post. Instead, I feel the duty and the need, as a Nicaraguan, to contribute to finding the right road for Nicaragua." Ortega adds: "There is a serious problem here; it is the problem of trust. If there is no trust, if the EPS—now that it has its code—is not given an opportunity to demonstrate that it is truly a national army that does not answer to any partisan interests, then we will always live in a climate of insecurity and will continue living with instability."

In response to a question on whether he plans to return to the Sandinist ranks, Ortega says he will continue on the revolutionary road from a "very individualistic position." Ortega notes that since the Chamorro government took office, members of the EPS have not been members of the Sandinist political wing. He adds: "All of us who are members of the EPS are revolutionaries. Some radical Sandinists accuse us of being traitors." He continues: "These same people are launching a campaign that says the EPS cannot be trusted, because we do not answer to a party as in the past regime. I am against the EPS being under political leadership. This is very dangerous."

When the discussion turns to the relationship between the Army and the Sandinist National Liberation Front (FSLN), Ortega warns if Sandinist leaders attempt to influence the Army, the Army will distance itself from them and a civil war among Sandinists will follow. Ortega adds: "At this time, the FSLN can be split into as many factions as it wants. The Army will not break up over or follow any Sandinist leader."

Asked about the risks posed to the nation by a division within the FSLN, Ortega says there have been extremists in the FSLN throughout his tenure as EPS commander. Some of these extremists have criticized the Army for failing to conform to their political position. He reiterates that the Army "should not follow anyone within the FSLN" but, rather, remain committed to the good of the Nicaraguan people.

Ortega goes on to note that the draft Military Organization Law is important because, although it is not perfect, it lays the groundwork for a national Army and the construction of a democratic system.

Next, Ortega denies having said in December that he had presidential aspirations, adding that he would consider such a possibility only at an appropriate time and under the right conditions. He adds: "My greatest aspiration is for Nicaragua to attain complete peace and to establish a course of stability leading to a more rapid reconstruction of the homeland. I think this is the most important thing. I would like to be part of a group of Nicaraguans who work to achieve this goal. I do not necessarily have to be the top leader of this effort and then be rewarded with a presidential candidacy. I am not looking forward to becoming a presidential candidate."

Espinosa then asks Ortega about the situation in northern Nicaragua, where the EPS continues to clash with armed groups linked to the recontras. Espinosa adds that the EPS is being accused of committing abuses in the north. Ortega says steps are being taken "to correct this situation," noting that the Army has a duty to continue fighting in the area to keep the armed groups in check.

Ortega continues by explaining he was originally named defense minister because he could contribute to a rapprochement between the executive branch and the Army. He adds: "I was then removed from the ministry because I was a Sandinist, as if being a Sandinist is tantamount to being evil. This did not help create the desired stability. As of now, unfortunately, there is no civilian who is politically qualified to occupy that post."

He says that talks are being held with institutes to train civilians from various political parties to assist in this task.

The interview continues with Ortega saying the defeat of the Somoza regime was the Sandinists' greatest success. He decries the fact that the Chamorro government was incapable of preserving the unity that prevailed after Somoza's defeat to rebuild the country. After stressing the fact that the country is indeed divided, Ortega says: "What is needed here is to secure a national unity solution in which every sector will be represented."

Ortega says that joint efforts must be made to reach a national agreement in order that the next administration's economic policy will not be so burdensome. He says a national dialogue must be promoted to find solutions as soon as possible. He says: "Sandinism, which is such an important sector of society, should seek an adequate program for the needs of the country, thinking of the interests of the country, instead of ideological or sectarian interests. This will encourage other sectors to do the same."

In discussing national unity further, Ortega says: "We Nicaraguans must realize it is necessary that we understand one another. Otherwise, the only path that will be left to us is to continue to kill one another and destroy one another. Not even the most fanatical individuals want this. I believe that not even those labeled the most fanatical extremists in a given party want war or more violence. They want more order and security.

"What is happening is that this feeling is growing as the election period draws near. Therefore, the approaching election apparently does not encourage the best conditions. In ideal conditions, as in a laboratory, for example, all of us—Daniel Ortega, Arnoldo Aleman, Virgilio Godoy, conservatives, Social Christians, in short, everyone, including Pablo Antonio Cuadra and the cardinal—would work toward rapprochement. This is the least common denominator needed to prevent the destruction of this country."

When asked about constitutional reform, Ortega says: "We must make the adjustments by reforming the Constitution. Therefore, a constitutional reform obliges us all to have the laws and instruments, so that, whether or not we like it, the police and the Army will ensure compliance with the laws. More important is that we appeal to the conscience of the people to secure such an agreement. I think this is what is important, to reach an agreement and to find solutions."

Ortega concludes with a final message: "Despite all of the complexities, Nicaraguans over the past 20 years have at least demonstrated that they have more virtues than defects. I think we Nicaraguans have the duty to tell all Nicaraguans before the end of this century that we are capable of working together to reconstruct the nation."

Former FN-3-80 Rebels 'Peacefully' Occupy Quilali

PA1705015694 Panama City ACAN in Spanish 1546 GMT 15 May 94

[Text] Managua, 15 May (ACAN-EFE)—At least 200 demobilized members of the 3-80 Northern Front (FN-3-80) peacefully occupied the municipality of Quilali on 15 May protesting the Nicaraguan Government's noncompliance with agreements they signed in exchange for giving up the armed struggle.

Leaders of the extinct FN-3-80 today told journalists in Managua that Jose Angel Talavera, alias "Chacal," leader of this organization, supported "the occupation of Quilali," which began on 14 May. The FN-3-80 blamed National Police "Commander" Fernando Caldera for the expulsion of former rebel leaders "Pajarito" and "Cascabel" from the police academy due to alleged lack of discipline. The former FN-3-80 leaders were being trained at the police academy in Managua to occupy police positions in the municipalities of northern Nicaragua.

Some 600 FN-3-80 members completed their disarmament on 15 April in exchange for land and credits to purchase properties and organize a cooperative for farmers. In addition, the government promised to incorporate dozens of demobilized FN-3-80 members into the police in 13 municipalities in northern Nicaragua.

The former FN-3-80 leaders blamed "Commander" Caldera for the current "inactivity" in the implementation of the government agreements with the demobilized rebels. There are no reports indicating that Army troops patrolling the areas near Quilali will move to dislodge the demobilized rebels who have occupied this municipality near the Honduran border.

Poll Reveals Disappointment Within FSLN

PA1505175094 Managua EL NUEVO DIARIO in Spanish 9 May 94 pp 1, 8

[Report by Edgar Barberena S.]

[Text] Approximately 90 percent of the Sandinist National Liberation Front [FSLN] members active in Managua prior to the 1990 elections no longer participate in the party's activities. This fact, which means only 10 percent of the members are active, shows the party is in crisis at all levels.

These results are part of a survey conducted by the Institute of Nicaraguan Studies [IEN]. The survey results are based on statistical information from the FSLN's Departmental Directorate Committees. Of 17 cities polled, Leon leads with 6,050 active members.

Although Leon has the most active members, this city also shares Sandinists' disappointment over their party. Although the membership reportedly had been 10,091, only 59 percent of members participated in the pre-Congress discussions.

There is a similar case in Chinandega, where only 3,250 active members, roughly 25 percent, remain from the party's former 13,000 members. We wonder what happened to the other 75 percent of the original membership. Have they defected to other parties? Are they disappointed over the current Sandinist leaders? Have they joined the ranks of Nicaraguans who no longer want to hear anything about political parties?

Congressmen Must Consider

These questions should be thoroughly considered by the nearly 600 FSLN delegates who on 20, 21, and 22 May will decide the Sandinist Party's future. If we keep making calculations in other cities—like Masaya, where only 42.85 percent of the members are active—we will find that nowhere in Nicaragua is 100 percent of the membership active.

The Sandinists polled by INE say these results are due to the FSLN rank and file's low morale because of lack of attention and the party's internal problems. Those polled pointed out, however, that many Sandinists joined the party purely for personal reasons.

Although some members of the Sandinist directorate have denied it, the people polled say this low morale has been proven by the the rank and file's low participation in the pre-congress assemblies, also called ad hoc meetings.

The polled Sandinists said the Sandinists will not win the 1996 elections if "the FSLN does not succeed in overcoming its internal crisis, if democratization is not achieved in the party, if the image of marred ethics, morals, and dominance is not recovered, and if the party identity and programs are not adapted to current circumstances."

Trends in Sandinism

The emergence of various trends (orthodox, verticalist [verticalista] or Pekin School, or the one that advocates a Sandinists' return to the majorities) of necessity was the subject of one of the questions addressed in the poll. Fifty-four percent think the emergence of these trends is an obstacle for the party. The majority, however, think the diversity of opinions within Sandinism is positive.

Thirty-five percent of those polled believe that trends are a reality within the FSLN and that these trends help the party. Nevertheless, they warned: "The media unsettle the people with the reports of those confrontations, by siding with one or the other. This creates mistrust, insecurity, and apprehension in the rank and file."

One of the questions those polled were asked was: Why do you think of the struggle of socialists versus and social democrats, as well as that of conservatives versus renovators; the struggle for power, the competition for leadership, and the normal process of diversity in the FSLN?

The results were the following: 44 percent think it is a mere fight for power; 22 percent think it is a normal process of diversity in the FSLN; 20 percent think it is a healthy competition for leadership; 1 percent think it is a struggle between liberals and conservatives; 1 percent said it is a struggle between socialists and social democrats; another 1 percent does not identify with either Daniel Ortega's left or Sergio Ramirez' renovating trend.

Other Aspects

The survey also includes information on the FSLN's program and strategic objectives, which point to the need for reaching the rank and file with a permanent work, and streamlining some concepts. There is no room for verticalist concepts. It is necessary to stimulate the rank and file's active participation in the decision-making as well as the formulation and implementation of party strategy.

Although the statistics for Sandinism's renovating trend are scant, those polled favored replacing the Sandinist leaders from the rank and file up to the chief FSLN leaders.

National Agreement

The mentality of the "overwhelming majority" apparently has been blotted out of the minds of the Sandinist rank and file polled. Approximately 53 percent referred to the need for a national agreement in Nicaragua but they ruled out the probability of President Violeta

Chamorro's government backing this idea because, they said, the government must obey the international financial organizations.

The Elections' Subject

Asked about the 1995 presidential elections, 76 percent say the FSLN will be the winner and that, for this reason, a policy providing an economic alternative for the people should be developed. Nevertheless, they said the methods must be peaceful so the workers will not be harmed.

Fourteen percent voiced doubts the FSLN will win the elections without an internal revision. They think this depends on decisions made during the Special Congress, which called for the party to do away with its militarist, socialist, and radical image, and for the Constitution to be amended.

Ten percent think the FSLN will not win the 1996 elections if the party does not form alliances. This will require work by active members. This work must be initiated after the Special Congress. In addition, it is necessary to work within the framework of an electoral strategy "without burning out candidates ahead of time." Those polled added that "it is not a matter of buying votes but of gaining the people's confidence in the daily struggle."

And the Alliances, With Whom?

The intensive political indoctrination the Sandinists were subjected to during the past decade became evident in a study because one sector said no other party exists with a political viewpoint similar to the Sandinist Party's. Those polled recalled the poor precedents set by other alliances throughout history.

Others suggested the possibility of the Sandinist Party establishing electoral alliances with the Christian Democratic Union [UDC], the Party of the Nicaraguan Resistance [PRN], and moderate parties, such as PUCA [Central American Unionist Party] and other centralist organizations.

The opinion poll included questions regarding the amendments the Constitution will undergo at the National Assembly. Fifty-eight percent think no one should be banned from running for president in 1996; 38 percent favor leaving open the option for re-election, and 4 percent think this reelection should be staggered, as outlined in the reform proposal drafted by seven Assembly factions.

Panama

Government Transition Team Formed, Ministers-Designate Named

Endara Promises 'Democratic' Transition

PA1505032394 Panama City Circuito RPC Television in Spanish 2300 GMT 12 May 94

[From the "RPC Television News" newscast]

[Text] This morning a ceremony installing the government transition team was held. The team is formed by representatives of President Guillermo Endara and President-elect Ernesto Perez Balladares. The so-called transition team is composed of the following people:

Representing President Endara: Eduardo Linares, deputy minister of planning and economy policy; and Joaquin Franco, vice president of the Authentic Liberal Party.

The president-elect's representatives are Francisco Sanchez Cardenas and Jose Luis Sosa.

At the installation ceremony, Ernesto Perez Balladares praised the demonstrated goodwill as well as the work done in recent days by President Endara and his government to make an exemplary and democratic transition possible.

[Begin Perez Balladares recording] The next few months will be months of coordination and transition and will attest to our respect and determination that Guillermo Endara continue as president of the country until 1 September 1994, until an hour yet to be established. We hope that in the spirit of cooperation we may do whatever is feasible and possible to see that the transition is carried out in the least disruptive way possible, with the utmost respect for all the people of the Endara administration and all public officials involved in this transition, who I am sure understand that their jobs are not at stake. [end recording]

Presdent Endara expressed his satisfaction with the normalcy that prevailed during the 1994 elections.

[Begin Endara recording] It is a fact that the outgoing president wants the president-elect and his team to be prepared to assume the government on 1 September by knowing whatever they want to know. We will gladly oblige. [end recording]

From now on, the government's transition commission, which began work immediately, will have to prepare full reports for the members of the new government that will be sworn in on 1 September.

Villarreal New Commerce Minister

PA1705175494 Panama City Circuito RPC Television in Spanish 2300 GMT 16 May 94

[Report by Fernando Fernandez from the "RPC Television News" newscast]

[Text] President-elect Ernesto Perez Balladares has appointed Nitzia de Villarreal commerce and industries minister, a post she accepted this afternoon and which she will occupy as of 1 September.

Boris Moreno, secretary to the president-elect, announced the decision and said that Villarreal is a founding member of the Democratic Revolutionary Party [PRD] who served the Commerce and Industries Ministry for over 12 years. She also worked in the hydrocarbons directorate with much professionalism.

[Begin recording] [Villarreal] Of course I will dedicate all my professional efforts, capability, and energy in my post for the benefit of the country. The Commerce and Industries Ministry is one of the engines of economic development. I think the task is difficult, but I feel capable of accomplishing it.

[Unidentified reporter] What is your goal for your future position?

[Villarreal] Again, I believe the most important thing is to hold consultations among parties. With the support of the industrial and commercial sectors, we can do a good job. The doors to my office will be open to anyone who approaches, especially investors, so this country can progress the way we want it to. [end recording]

Nitzia de Villarreal is a petroleum engineer and has a master's degree in industrial management. She played a key role in negotiating the purchase of oil from Mexico and in planning a national hydrocarbons policy.

The president-elect's secretary also confirmed that only two cabinet posts have been officially announced.

[Begin Moreno recording] Mr. Gabriel Lewis Galindo has been confirmed [as foreign minister] by the president of the Republic, as has the minister of commerce and industries. So far these are the only posts the president has announced officially. I would say that all of the posts will be announced in the next 24 to 48 hours. [end recording]

New UN Ambassador, Agriculture Minister Named

PA1705190994 Panama City Circuito RPC Television in Spanish 2300 GMT 16 May 94

[Report by Alvaro Alvarado from the "RPC Television News" newscast]

[Text] Dr. Jorge Illueca will be Panama's ambassador to the United Nations during the Perez Balladares administration. Press spokesman Mario Velasquez told RPC that former President Jorge Illueca accepted Dr. Perez Balladares' offer to occupy the Panamanian post at the United Nations.

In addition, Carlos Sousa Lennox, executive secretary of Anagan [National Association of Cattlemen), announced his decision to accept the post of agriculture development minister in Perez Balladares' administration. Sousa Lennox reached his decision after resigning from the Arnulfist Party before the Electoral Tribunal.

[Begin Sousa Lennox recording] In view of the request that we serve the country and in light of the clamor of Panamanian agricultural-livestock producers for this ministry to be in the hands of a producer and a professional in the sector, I have decided to accept the post of agriculture development minister offered to me by President-elect Ernesto Perez Balladares. I am sure I will receive total support and cooperation from President-elect Perez Balladares and from the producers so I can carry out my tasks as minister of the agricultural-livestock sector to achieve the hopes and objectives they have expressed to me. [end recording]

Sousa Lennox said he was satisfied with the support from various representatives of the agricultural-livestock sector and from professional organizations. He also announced his commitment, and that of all those officials who will accompany him in his office, to see that all institutions will truly be at the service of the man in the countryside.

[Begin Sousa Lennox recording] We will draft a national plan for the agricultural-livestock sector to establish the economic and social policies, the fundamental purpose of which will be to chart the course for all agriculture-livestock producers. Short-term economic changes are made by both positive and negative forces. That is why we must have programs that will allow us to carry out the agricultural-livestock policies. [end recording].

Further on New Ministers

PA1705224594 Panama City LA PRENSA in Spanish 17 May 94 p 1

[Report by Alvarez Cedeno and Jose Quintero De Leon]

[Text] Ernesto Perez Balladares has now officially appointed five of his 12 new cabinet ministers. The last appointment is Nitizia de Villarreal to the Commerce and Industry Ministry [MICI], sources of the new government reported.

Perez Balladares' spokespersons reported yesterday the appointment of Villarreal, a hydrocarbon engineer with 12 years of experience in the MICI. During a news conference, Villarreal said: "We will work hard to advance the nation, and we will work under an open-door policy at the MICI."

Besides Villarreal, the other official appointments are: Gabriel Lewis Galindo as foreign minister, Mitchel

Doens as labor minister; Luis Blanco as public works minister, and Olmendo Miranda as treasury minister.

It was unofficially reported that Carlos Sousa Lennox has accepted the offer to direct the MIDA [Agricultural Development Ministry], while economist Guillermo Chapman is mentioned as a possible planning minister. The other appointments are pending until they are officially disclosed by the president-elect, it was reported.

Hugo Torrijos, nephew of General Omar Torrijos, has been appointed National Port Authority director. The president-elect also confirmed that Oswaldo Fernandez, chief of the national police, will retain his post. Fernandez has accepted the appointment.

Sousa Lennox, president of the National Association of Cattlemen, announced to the press that he has officially accepted president-elect Ernesto Perez Balladares' offer to be MIDA minister. Nevertheless, he did make it clear that he had resigned from the Arnulfist Party. Sousa Lennox noted at the news conference that he had accepted the offer "in light of the invitation to serve the nation and because of the appeal from the agricultural producers." He noted that he is convinced that the ministry should be led by a producer and professional of that sector. Sousa Lennox said: "I resign from the Arnulfist Party, convinced that the nation's interests come before party interests," adding that he had presented his resignation to the Electoral Tribunal.

Ministers-Designate Namelist

PA1705235294 Panama City Telemetro Television Network in Spanish 1730 GMT 17 May 94

[From the "Telemetro Reports" newscast]

[Text] President-elect Ernesto Perez Balladares today announced in Santiago de Veraguas the appointment of the new government and justice minister. With this appointment and those announced earlier, the cabinet of Perez Balladares will be as follows:

Raul Montenegro	Government and Justice Minister
Luis Blanco	Public Works Minister
Aida de Rivera	Health Minister
Nitzia de Villarreal	Commerce and Industries Minister
Raul Arango	Presidency Minister
Olmedo Miranda, Jr.	Finance and Treasury Minister
Guillermo Chapman	Planning and Economic Policy Minister
Francisco Sanchez Cardenas	Housing Minister
Mitchel Doens	Labor and Social Welfare Minister
Gabriel Lewis Galindo	Foreign Relations Minister
Carlos Souza Lennox	Agricultural Development Minister

Solidarity Party Announces Support for President-Elect

PA1705184294 Panama City Circuito RPC Television in Spanish 2300 GMT 16 May 94

[Report by Fernando Fernandez from the "RPC Television News" newscast]

[Text] The Solidarity Party today agreed to support the proposed national consensus promoted by President-elect Ernesto Perez Balladares. Perez Balladares on Monday attended a news conference held by Solidarity Party members and headed by party president Samuel Lewis Galindo during which the party publicly announced its decision to support the proposed national consensus in view of the wise steps being taken by Dr. Perez Balladares.

[Begin recording] [Lewis] We met with the party board of directors and with our candidates—pardon me—with our legislators and agreed to support Dr. Perez Balladares' endeavor to form a government that represents the entire nation. We are offering him this political support today, and we hope he can complete his cabinet in a way that he will achieve what the Panamanians want. Panamanians want unity. They want to leave behind rancor, hate, and revenge and realize that this country belongs to everyone. Only by working together can we meet the challenges of the future. Therefore, Dr. Perez Balladares, I am very pleased to offer you our support.

[Perez Balladares] Thank you very much. [end recording]

For his part, Dr. Perez Balladares said the Solidarity Party's decision exemplifies the country's political forces because they are joining a nonpartisan effort that is nationally oriented, striving to achieve in the next five years all the national objectives shared by Panamanians.

[Begin Perez Balladares recording] For us it obviously signifies extraordinary support to have this support—pardon the redundancy—from the Solidarity Party because it also means we will have a majority in the Legislative Assembly. With that legislative majority, without denying the participation of other forces that will also have their views, we can enact many of the laws needed to spell out this new relationship for progress, peace, cooperation, and unity among all Panamanians. It is a significant step by the Solidarity Party. We applaud it and hope it serves as an example for other political parties so we can join forces for the sake of the fatherland, and for the good of the humble and the poverty-stricken. From now until 1999, we are under the same tent, which is the fatherland. [end recording]

The president-elect then met privately with Gabriel Lewis Galindo, future foreign minister, and with Apostolic Nuncio Osvaldo Padilla. Afterward, in the office of Magistrate President Eduardo Valdes Escoffery, Dr. Ernesto Perez Balladares, Tomas Altamirano Duque, and Felipe Virzi, the president and first and second vice presidents, respectively, received their credentials as members of the United People alliance slate which won the elections.

Argentina

Menem's Planned 'Super-Agency' Attacked

PY1705212694 Buenos Aires BUENOS AIRES HERALD in English 17 May 94 p 11

[Text] San Carlos de Bariloche (NA-DYN)—President Carlos Menem yesterday defended his plan to create a super-agency that would combine much of Argentina's law-enforcement efforts in the face of continued criticism even from Justicialist Party ranks.

The new Security Secretariat, unveiled last week, is not intended "to suppress potential social unrest," the President told reporters at the opening of the fourth Ibero-American Information Science and Law Congress here.

Rather, Menem explained, the secretariat is the product of six months of talks between himself and Interior Minister Carlos Ruckauf. He noted that other countries (the United States, France) and several provinces (Cordoba, Buenos Aires) already have similar agencies.

Meanwhile in Buenos Aires retired Lieutenant Julian Licastro remained press shy about his position as head of the future Security Secretariat, but opponents of President Carlos Menem's plan to create a new super-agency redoubled their efforts to make their opinion heard.

The former military officer and ambassador to Peru met with Interior Minister Ruckauf yesterday to analyze the structure of the new secretariat. The agency will be charged with fighting crime, terrorism, and drug trafficking and is to encompass the Federal Police, Border Guard, Coast Guard, intelligence forces, and Drug-Prevention Secretariat.

The secretariat will likely be made a full ministry following the reform of the Constitution.

Licasto declined to divulge details to the media following the talks, reporting only that he would hold a press conference at the "opportune moment."

Justicialist Deputy (Federal Capital) Miguel Angel Toma, the head of the Lower House defence committee, met with Presidential Chief-of-Staff Eduardo Bauza to express his reservations about the new agency, which Menem may have to create via an executive decree if Congress withholds its support.

"It is absolutely unviable, it has no legal basis and it will be quite difficult for it to provide results," Toma told the press before meeting Bauza at Government House.

Charged San Isidro Mayor Melchor Posse, a Radical, in a press release: "(Menem) is more interested in purchasing vomit-inducing gases and special weapons for suppression than in attacking the causes of public misery."

Buenos Aires Province Radical leader Juan Manuel Casella told Radio Mitre that the President's plans, also solidly backed by Economy Minister Domingo Cavallo, are "evidence of the executive branch's hegemonic purposes."

Grand Front Leader Interviewed

PY1305185494 Montevideo EL PAIS in Spanish 8 May 94 p 16

[Interview with Grand Front, FG, leader Deputy Carlos "Chacho" Alvarez by Fernando Nole in Buenos Aires; date not given]

[Text] [Nole] How do you explain the FG's spectacular growth in such a short time?

[Alvarez] Several special circumstances favored this growth. The Argentine bipartisan system has been suffering a slow process of crisis, which is not too visible when there are few alternatives, but which is obvious with the appearance of options that allow people to change their party loyalty and seek credibility elsewhere. I think a combination of factors fueled our rapid growth.

[Nole] How did the movement start?

[Alvarez] We bolted the Justicialist Party in 1990. On that occasion eight of us, all deputies, split following the pardon [of some military officers involved in the military dictatorship] and because the Justicialist Party became clearly conservative and accepted without criticism an Argentine liberal recipe. In 1991, we participated in the congressional election and obtained 3 percent of the votes. In 1992, Fernando "Pino" Solana ran for a seat in the Senate representing the capital and obtained 7.5 percent of the vote. On 3 October [1993] we ran as the FG for the first time. The FG is an alliance between the Front of the South and the Front for Democracy and Social Justice. We obtained 14 percent in the capital. That was excellent. We did a good job in the Chamber of Deputies where we worked hard against corruption. Then Raul Alfonsin and Carlos Menem signed the Olivos Pact [to reform the Constitution] which created an important vacuum. Many people saw the pact as a leadership arrangement, an ethical surrender, and as a deal leaving the government without opposition. We have profited the most from that political vacuum.

[Nole] Do you think your movement can continue to grow if the alliances you are negotiating with other parties succeed?

[Alvarez] One of the lessons of this election is that the number of people who will vote for a party regardless of what their leaders do is decreasing. I cannot say we will maintain our electoral strength no matter what we do. Neither can I affirm, as some people say, that our votes were borrowed and will return to their parties in the presidential election. All of this will depend on how we perform in the future. We are the third strongest political force in Argentina. First we must fulfill another requirement. We must create a firmer institutional base to prevent the front from appearing as a sum of other parties' leftovers. We face the challenge of creating a project for 1995 based on a clear program. This project must be clearly feasible from an economic and social perspective. This country tends to reject the left, even though it is a democratic left. The word leftist has a damned connotation. We are building a center-left project with the purpose of going beyond [Economy Minister Domingo] Cavallo's plan, which is what is sustaining this administration's credibility.

[Nole] Do you think you can challenge Carlos Menem's reelection if you are successful with your alliances?

[Alvarez] If we can organize ourselves well in the provinces we will be able to challenge Menem as a third option. I am not singing victory. I am very careful with my evaluations. We have a very serious responsibility. In sum, I do not know how far or close we are from competing for the presidency. We must be prepared because society is already requiring that we behave as if we were a serious possibility of becoming government in Argentina. In the street, people tell me: "Chacho, do not disappoint us," and; "People believe in you." An important part of society believes in us.

[Nole] Can we talk of the resurgence of the leftist vote?

[Alvarez] No. There is a need for a new progressive force. I think these 10 years of democracy can be divided in two stages. First there was great expectation with the Radical Civic Union [UCR] progressive project, which advanced in some aspects like the democratization of society, but which ended up failing at the social and economic levels. This stage was followed by Carlos Menem and his entirely conservative project. We may inherit that group of people who were disappointed by Raul Alfonsin's administration. This is why I believe we must strengthen the center-left identity. Today the UCR is again speaking through its most conservative spokesmen.

[Nole] Historic Peronism also seems to have disappeared.

[Alvarez] We should no longer talk about Peronism. We must talk about how the center-left identity can revitalize parts of the Peronist identity which are still very important for humble people. Issues such as social justice, human rights, income redistribution, people's participation, and a more integrated society are very important for them. There is much to rescue. We must redefine or bring back issues that are very strong in the Peronist tradition and which marked the memory of Peronists.

[Nole] If the FG gains the presidency, would you revise the economic transformation being implemented by Menem?

[Alvarez] Aside from abuses, the so-called irregularities, I believe it is very difficult to propose a way back in the Argentine society. I believe it would be very harmful to revise past events. To go back would be tantamount to reinstating a State that did not serve the people. Liberalism won the battle in Argentina because the State had been seized by the most powerful economic groups, involving a patronage-oriented, subsidy-oriented State. The State was a disgrace for the people. Public services were a disgrace. A Telephone company worker who collected a bribe to repair the phone was a disgrace. This was also the case with the gas, electricity, and water company workers. In other words, the recent image was that of a State that had turned its back on society's interests. To suggest a revision is tantamount to playing along with Menem and to making the people believe the idea of reinstating an inefficient State, a State entirely opposed to common good. We must build a new State because Menem has left us without a State. No one controls anything here. No one controls our food, medicines, beverages, or services.

[Nole] In your opinion, how should the state have been revamped?

[Alvarez] First, a debate deprived of so much ideology should have been conducted because market fundamentalists have been involved here, saying all public enterprises are bad and all private enterprises are good. Of course, a mixed system might have been proposed for some enterprises while this was not possible for others. I do not believe all public or state enterprises are necessarily bad.

[Nole] Yet yo believe the State may become involved in activities that are not proper of a State like producing manufacturing objects or elements?

[Alvarez] No. I do not believe in a State that is a proprietor. I do not believe in it because it is too utopian for Argentina today. We want a State at the service of the people, a State that will establish rules and a plan, keeping pace with the economy.

[Nole] Should I assume therefore that you have an entirely critical opinion of the convertibility plan?

[Alvarez] From a social viewpoint, the stability programs like the one implemented in our country are highly retrogressive. Instead of discussing convertibility, I believe it is necessary to strengthen stability, enabling us to discuss the type of country that is being planned. We want to begin this discussion with stability, even though this stability has a retrogressive bias. It is necessary for stability, like democracy, become an integral part of the conscience of Argentines and to discuss projects on this basis.

[Nole] Another issue. Various problems have arisen within Mercosur [Common Market of the South]. What is more advantageous for Argentina; regional integration or NAFTA?

[Alvarez] In a choice between Mercosur and NAFTA, I believe our country must firmly choose Mercosur because we would be entirely engulfed by the U.S. market if we choose NAFTA. The United States has great possibilities for exporting and we will have nothing to sell to the United States, Canada, or Mexico. We must firmly commit ourselves to the Mercosur. Mercosur must integrate the most significant economic circles with small- and medium-size enterprises. We must jointly review the competitive and distributive advantages and Argentina must correct its significant trade imbalance with Brazil. In a nutshell, I see a great future for Mercosur. Furthermore, I believe the bloc's integration is inexorable because there can be no economic solution unless we project our industry and commerce on a large scale and integrated into regional blocs. The best way to protect the domestic market is not by subsidizing enterprises for this domestic market but by assisting and fostering industries that might successfully compete abroad.

[Nole] In conclusion, did you use the experience of the Uruguayan Broad Front [FA] as an example when you formed the FG?

[Alvarez] No. We have always respected and recognized it. We were greatly encouraged by the Uruguayan experience because in your country there was also a marked bipartisan system. The FA was established in 1970. It endures, it has been able to withstand time, and it could achieve a majority in your country. The FA won the Montevideo mayoralty and has a good rating on the polls to contend for running the government. In this regard, we have always viewed the FA with great recognition and it is very encouraging to see how this party has been able to keep up and grow. I believe countries develop a progressive democratic alternative in keeping with the characteristics and beliefs of societies.

Di Tella 'Pessimistic' Over Falklands Relations

PY1705214994 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2011 GMT 17 May 94

[Text] Buenos Aires, 17 May (NA)—Foreign Minister Guido Di Tella stated today that he is "pessimistic" over a possible agreement with Great Britain for joint exploitation of oil on the Malvinas Islands. He admitted that the problems with the islanders are currently "the same as those of 160 years ago."

The foreign minister thus referred to reports that indicate that the Kelpers [Falklands Islanders] could negotiate the exploration for oil with Chile, and that in no way will they accept a joint venture with Argentina.

Di Tella said that this topic "is in no way new" because "the British do not want Argentines on the islands, but they do not have the same reserve for the Chileans."

In remarks to a radio station, the foreign minister termed the position of the islanders as "lamentable," and warned that the lack of contact with the continent "will in time become a ridiculous whim."

Regarding the July 1994 meeting between Argentine and British delegations to evaluate possible bilateral cooperation in the extraction of oil in the area, Di Tella highlighted his "pessimism" on the probability of reaching an agreement.

"We have said we are willing to cooperate on the oil topic before seeking a definite solution to the problem of sovereignty," he explained.

The foreign minister said the results of the negotiations are negative, adding that Argentina "will legally oppose oil exploitation."

Although he acknowledged that "until now the Kelpers have been willing to evaluate the topic of cooperation," Di Tella believes "this could or could not imply Argentina's presence on the islands."

"With respect to the Malvinas Islands, I believe our overall relations suffer the same problems as 160 years ago," the foreign minister admitted, adding that the government "is treating the situation with much greater importance than before."

The foreign minister acknowledged that "very important progress has been made in communication with the islanders, despite official resistance."

"I have written letters, sent them presents, spoken over the radio, and publicly acknowledged that we believe it is important to recognize their way of life. But we are still far from a normal relationship," the foreign minister said about the Kelpers.

Di Tella did not reject the possibility that Great Britain may contract enterprises from other countries to extract oil, although he added: "This invitation will be difficult for them because no one will want to participate in a zone that is in litigation and where Argentina can proceed legally against anyone who cooperates in the exploitation."

Asked to name the organizations before which Argentina could submit its complaints, the foreign minister replied: "The United Nations and the courts of the countries that import the oil."

With respect to the participation of YPF [Government Oil Deposits] in the bid to exploit oil through the Romano Houston enterprise, which apparently bought plans of the areas where oil presumably exists on the islands, Di Tella stated that he did not know if the area is rich in oil.

Regarding the purchase of plans, Di Tella explained that "it was simply a way for YPF to obtain information," adding that "some very serious people believe there is no oil on the islands."

Finally, the foreign minister stated that the agenda for the July summit "does not contain the topic of a possible visit of President Carlos Menem to Great Britain."

Satellite Launch Discussed With Russians

PY1705220394 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1223 GMT 17 May 94

[Text] Cordoba, 17 May (NA)—Engineer Luis Murgio, one of the scientists from Cordoba Province who has developed a satellite that will be launched at the end of 1995, has travelled to Moscow to coordinate the launch with Russian authorities.

The first satellite from Cordoba was developed within the sphere of the province's Science and Technology Secretariat with the participation of a group of researchers that had worked on the now-deactivated Condor-II project.

The research activities were supported by the National Atomic Energy Commission in the province through the state enterprise CORATEC [expansion not given], which was created in 1992.

The project will have a final cost of some $1.2 billion, and it is thought that most of it has been built in Cordoba, although it does have some imported parts.

The satellite, which is the size of a shoe box, will be used for agricultural, geological, and environmental purposes.

Bolivia

Justice Salinas Resigns From Supreme Court

PY1705025194 La Paz Television Nacional Network in Spanish 0100 GMT 17 May 94

[Excerpt] Justice Rodolfo Siles Salinas, who resigned a few days ago as a Supreme Court member, arrived in Sucre today. Siles Salinas will remain on the Court while for a response to his irrevocable resignation. Upon arriving in Sucre, Siles Salinas was very emotional over the demonstrations of affection and solidarity he received from the population. [passage omitted]

Ipina Comments on Government Reforms

94SM0343A La Paz PRESENCIA in Spanish 8 Apr 94 p 2

[Interview with Human Development Minister Enrique Ipina; place and date not given]

[Text] [PRESENCIA] Will there be changes in the secretariats of the Ministry of Human Development (MDH) because of the cabinet crisis?

[Ipina] The new arrangement does not affect the Law of Ministries structure, which clearly defines the responsibilities of the MDH. These responsibilities—which are substantive and are not to be considered incidental—must be carried out by well-defined executive organs, and the system of secretariats that we now have in the Ministry fulfills these responsibilities. Therefore, they will all remain.

[PRESENCIA] But Popular Participation, which had been slated for the MDH, has been passed to the Ministry of Sustainable Development....

[Ipina] Popular Participation is unique. It is not an exclusive function of this ministry, although it is substantive. In fact, it covers all of the state's powers.

What in fact was formed was a Technical Unit of Popular Participation (UTPP)—not a secretariat—and a team was organized that prepared the Popular Participation plan, directed by Minister Fernando Romero and supported by the national secretaries.

The plan was the subject of a lengthy discussion. It had more than 35 versions, because the president himself took an interest and personally took charge of directing the discussions in a way that could be described as merciless: indecisiveness, vagueness, and improvisation were not tolerated.

[PRESENCIA] Will this unit be passed to the Ministry of Sustainable Development?

[Ipina] The president is studying that possibility. The UTPP can fit in the MDH as well as in the Ministry of Sustainable Development.

I personally believe that it would be better off in Sustainable Development for one simple reason: I am convinced that Popular Participation is something that should be above any suspicion of partisan manipulation, because it reflects the highest and most substantive policy of the state: the development of democracy.

In that sense, the UTPP can carry out its responsibilities with a better public guarantee of party neutrality if it is headed by an independent minister and not by a supporter of the government, which is my situation.

With Minister Guillermo Justiniano—a man of proven ability and honesty, of great commitment to the country—Popular Participation will have an additional guarantee, visible and palpable—if the statements by the Executive Power were not already sufficient—of the government's intention, decision, and determination that this matter be managed above the interests of the parties.

[PRESENCIA] What are the general guidelines that you will establish in the MDH?

[Ipina] I am convinced that the standard of living in our country cannot be considered suitable for human dignity. We are a country that is deeply divided into two worlds. One rural, tremendously impoverished by an urban world that feels insecure, but that bases its welfare on the exploitation or hyperexploitation of the rural world.

We have a typical case, for example, in agricultural prices which, because of the way they are established, pay the smallest benefit to the peasant.

Thererefore, the policy of human development must concentrate precisely on trying to overcome this kind of hyperexploitation of the countryside by the city, which is also evident in that the relatively high quality of basic urban services is made possible only because of the almost total lack of such services in rural areas. We have to lean toward establishing a system of equity in the basic social services and support everything that implies the humane attention of society.

Our greatest concern must be to provide water, sewers, power, health, education, enjoyment of and participation in cultural activities, sports, welfare services for abandoned children and for the aged, where such services do not exist or are very scarce, while not forgetting that there are also enormous and complex needs in urban areas, especially in outlying zones, where we are witnessing a dramatic phenomenon.

In that sense, our concern for rural areas should not stop at the limits of the urban peripheral world. It should enter it, and this explains the president's determination that there be integrated treatment, rural and urban, of social problems. Both have become so merged with one another that the welfare of one is closely connected to that of the other, and overcoming the lack of development would be impossible without taking this into account.

This justifies and explains the Popular Participation Law, that creates the urban-rural municipality, territorialized, which transcends the old colonial concept of the urban area and which gives it the right to concern itself as much with the province as with the classic city.

[PRESENCIA] Why is there so much opposition from city halls and civic committees to the Participation Law?

[Ipina] Actually, the opposition is not so great, because, in an institutionally democratic country, no one can be against popular participation. There has been a kind of fear and nervousness over losing special treatment that the urban world has enjoyed.

Taking into account that 83 percent of the nation's income is concentrated in just three large cities, we can imagine the state of abandonment of the rural areas, not only of the provinces, but of the smaller cities, even the capitals of departments.

Observing this phenomenon and assigning an equitable distribution of the national income to the municipalities, based on the number of inhabitants, those who are privileged—the large cities—obviously are afraid of losing out. And as their problems are also not resolved, their opposition or contained resistance explained why the attitude of the municipalities has been and continues to be very prudent.

[PRESENCIA] But the government has had to accept the fact that Congress is considering the proposed Administrative Decentralization Law at the same time as the Popular Participation Law....

[Ipina] In my opinion, administrative decentralization, as it is being put forward, was more in response to the interests of the large cities. That is why there has been some resistance.

What we are doing now is showing how decentralization at the departmental level does not conflict with popular participation, with the allocation of resources to the basic territorial organizations, to the provinces, and to the small towns.

[PRESENCIA] The health, education, sports, and cultural areas are defined. But the others are not: Provincial and Rural Development; Ethnic, Gender, and Generational Affairs; and Social Investment, which includes the funds. How do you intend to orient them?

[Ipina] Good planning for activities of the state begins with an analysis of basic social needs. The Plan for Everyone saw this clearly: an extremely impoverished rural area, a great need for social services and therefore low productivity by Bolivians.

We saw clearly that we needed to promote and improve rural and peasant life in Bolivia. Therefore, an objective was assigned to a perceived need: to energize that neglected area of national life. And the assignment of an objective calls for the creation of an instrument: the National Secretariat of Rural Development.

The same holds true for the National Secretariat of Ethnic, Gender, and Generational Affairs. There are obvious inequalities in our country. The most serious of all is ethnic inequality. The evidence is clear. The great majority of adults who do not know how to read are indigenous. It is evident that there is ethnic inequality, and if we analyze further, we find that three of four who do not know how to read are women. There is evident inequality by sex difference—as we used to say—or by gender—as we now say.

In the world of labor, of education, health, culture, sports, woman shines by her absence. With very rare exceptions, this continues to be a country made by men for men, through women who work for them. This cannot continue. The same is true of youth, childhood, and old age.

Thus, the Secretariat answers this need, not with welfare (which is the responsibility of ONAMFA [expansion not given]), but with a program for improvement, which is different and which is the responsibility of the Secretariat.

In the case of the Urban Secretariat for Urban Development, we used to have a Ministry for Urban Affairs and Housing, whose functions duplicated those of the autonomous municipalities. It was understandable that there be such a ministry when municipalities were not autonomous and mayors were handpicked. But it no longer made any sense once the municipalities were democratized. However, there is a need for a Secretariat charged with improving the municipalities, of strengthening them in view of the need to extend the system to the entire country and not just to a few cities, and of organizing the entire country into municipalities. That is its function.

It might seem, then, that the three Secretariats are not well defined, but they are, and although the quality of their services might not yet be appreciated, people will realize how important they are as they carry out their work.

[PRESENCIA] One sees in your explanation a logical sequence of the idea of human development. But when it comes to putting it into practise, the General Budget retains the traditional tendency to prioritize economics and politics. Why is it impossible to change that relationship?

[Ipina] I believe that, while there is a change in general direction that can be seen in a kind of 50-50 division between economic and social factors (another question is the political sector, which also takes its slice: the Ministries of Defense and Government, because of the problems we face in the fight against drug trafficking, etc.), it seems to remain static because the pie continues to be small.

We have inherited a pie, furthermore, that is inflated by a 6.5 percent budget deficit. But we could not continue on with that policy, as it would have caused the loss of one of our country's great achievements in recent years, macroeconomic stability.

But when the pie grows, which we hope will happen as a result of capitalization, there will be no reason for the economic and political sectors to grow significantly, and the social sector will be the only one able to grow.

This means that if we now have 100, which is divided in 40-40-20, when we have 200, the new relationship will be 20-10-70. This is why the pie has to grow.

[Box, p 2]

Educational Reform in a few words

[PRESENCIA] What are the principal features of Educational Reform?

[Ipina] There are two central pillars: popular participation and interculturalism.

The first refers to democratization of the administration of education, to the very institutionality of the system, which is to open it to the participation of the community, which must have the possiblity of assisting in educational tasks and in administration.

The second pillar is pedagogical in nature and has its major philosophical orientation in interculturalism, which is the soul of Reform. This a novel view of an old reality: the multipluralism of races, cultures, and regions in the country, which we regard as a comparative advantage, like a natural resource, like a group of positive factors that make us better people and, some day, better off economically.

[PRESENCIA] Specifically, how will the education system be organized?

[Ipina] The reform proposal's philosophy is evident, first, in the opening of the curriculum to regionalization, on the basis of common national roots, so that it not only answers national needs, but also regional and local ones as well.

Second, bilingualism where it is necessary so that children learn to write in their mother tongue and acquire Castilian as a second language.

The curriculum is divided into four levels: initial, primary, secondary and superior, which is the usual arrangement. The interesting part is to see what happens within each of them.

The nonformal part of the initial level will be entrusted to the family and the community; the school will only occupy a year, in order to be able to extend the service to all children. At present, we are only teaching 30 percent of the children for two years; we hope to reach 60 percent soon, for a single year.

At six years of age, the child enters the primary level. There are no longer any grades, to avoid truancy and being left back. This phase is conceived as a single level organized by blocks of objectives that have to be achieved by all pupils, according to their personal rhythm, so that groups move ahead, respecting their personal rhythms.

If a child fulfills the objectives of one block, he or she passes on to the next. There is no first or second grade, etc., but rather basic, essential, and applied apprenticeships. An entire cycle should last eight years at most, but a high percentage of children can do it in six years, and some even in five. The slowest will finish in eight. No child should lose a year or be left back. Therefore, no child should have any reason to leave school. We want to broaden coverage and retain the child in school for at least eight years of primary school.

This assumes that the curriculum will contain an intercultural focus, because regional and cultural diversities, and individual differences, will be respected.

At the secondary level, there will be a common two-year period of technical education for everyone, not forgetting language and mathematics. Then it branches out: two years of technical education at midlevel and two years of preparation for university undergraduate education.

In this way as well we will be responding to local and regional planning needs, because these technical proposals will be drawn up in each department.

Finally, at the superior level: higher technical and standard university courses towards the baccalaureate and doctoral degrees.

This curriculum follows faithfully the doctrinal philosophical focus of interculturalism, the soul of the reform.

In sum, Education Reform can be synthesized in two great concepts: popular participation and interculturalism.

[PRESENCIA] How long will the process of change take?

[Ipina] Something that assumes gradual growth cannot be implanted overnight. Curriculum changes will begin in 1995, gradually and progressively. But the institutional changes, those regarding popular participation, have to be fully achieved by 1997.

The Technical Support Team for Education (ETARE) has established a 20-year period as being necessary to appreciate the magnitude of the results, but these results will be evident objectively and concretely each year in the way that these activities are carried out.

[PRESENCIA] Attention will be centered on the primary cycle?

[Ipina] Yes, but the others will also benefit, through improvement of education. Curriculum reform has two elements: change and improvement. The first will be applied radically with those programs that are just beginning; the second, with those that are already operating.

[PRESENCIA] You have just returned from the United States where you obtained assistance for education reform. With whom did you meet and what specific agreements did you bring back?

[Ipina] Together with the negotiating team, I met with the World Bank (IBRD), the Inter-American Development Bank (IDB) and representatives of the friendly donor countries, who are making substantial contributions to the process of educational reform.

We completed the technical discussions and began the formal negotiating process, which ended in the approval of the terms of the loan agreement, which must be discussed at senior levels of the IBRD and the IDB, as well as at high levels of the Bolivian state, specifically, in the legislature.

When all these agencies have approved the terms, the donor countries will also contribute, and disbursements will begin according to the schedules that support the various programs provided for.

[PRESENCIA] Is the IBRD's pressure over content and form real, or is this a myth?

[Ipina] I would say at present they are a myth. The IBRD obviously has experience with educational reform in the various countries that it has financed and when it begins to talk to the Bolivian Government, it makes certain proposals. For its part, the government sits at the same table and explains what it wants to do.

In this way, a period of technical discussions begins, in which each side presents its point of view. But there is no pressure. The proof is that we were practically able to, I will not say impose, but rather define our position with total clarity, and the IBRD accepted our terms.

The IBRD's position on certain points also helped us. For example, its concern for the self-sustaining nature of the reform in future years, which assumes the existence of a scheme of macroeconomic projections. It was a requirement of the IBRD, and we had to work very hard on it. Antonio Sagasta prepared a study that both the government and the bank found very satisfactory. If the IBRD had not set that condition, we probably would not have done it.

[PRESENCIA] Is it true that the IBRD requires a high degree of consensus with the teachers?

[Ipina] Of course. Not only the IBRD but also the donor countries and the IDB, who are also interested in the continuity of the process.

One of the nicest things has been that for the first time a bank like the IBRD has agreed to finance a project that is not totally defined from the start, but that is conceived as a project subject to modification as it evolves, something that it has never accepted before.

[PRESENCIA] Who are the donor countries?

[Ipina] The Netherlands, Germany, and Sweden are the three. Other countries might join in as the project develops. They were undoubtedly waiting for the results of the negotiations with the IBRD.

[PRESENCIA] How much money is involved?

[Ipina] Approximately $140 million. The IBRD will authorize $42-45 million, the IDB $55 million, and the donor countries, all together, $40 million.

To this must be added the national contribution, set at $36 million, which brings us to $176-180 million, which is the financing for the start-up of educational reform, in its first seven-year stage, destined basically to primary education in the transformation stage and to secondary education in the improvement stage.

After those seven years, we will enter into the preparation and development of the transformation of secondary education.

[Box, p 2]

"We Want Opposition"

Suddenly, Enrique Ipina is asked about a fear that has arisen: the danger that there might be a tendency toward hegemony on the part of the government coalition and especially of the MNR [Nationalist Revolutionary

Movement] in the formation of the basic territorial organizations, provided for in the Popular Participation Law.

Ipina speaking frankly says that "if we were a one-party government, we could talk about a desire for hegemony, but we are not. We are well aware that, even if we did win 36-38 percent of the national vote, this is only a plurality, and we have formed a coalition government with three other parties that are very important. One of them, the UCS [expansion not available], because of the number of votes it won; the other two, for the quality of their political activity and of their ideas. The MBL [Free Bolivia Movement] is a great party, beyond its voting strength, and the same can be said of the MRTKL [Tupac Katari Revolutionary Movement of Liberation] to a somewhat lesser degree."

He added that, because of "the way in which the work in the Executive Branch and the Congress is being organized, one cannot really speak of a movement toward hegemony in the heart of the coalition. When decisions are taken, one opinion weighs as much as another, and it is not a question of how many votes one has , but of how right one is."

Outside the coalition, Ipina insists that "no tendency toward hegemony exists there, either. On the contrary, we are very concerned over the lack of a political opposition, due to the problems that are affecting the MIR [Movement of the Revolutionary Left] and the ADN [Nationalist Democratic Action], because when the opposition no longer expresses itself politically, it begins to express itself by other means."

This is becoming serious because, in his opinion, "it does us no good either that the COB [Bolivian Labor Federation] itself is suffering deterioration because of a lack of vision by its leaders and a failure to adapt to changing times."

So that "in the absence of opposition parties and of a creative labor organization, with whom could one discuss problems that affect civil society? A political monologue could easily develop, which is not hegemony, it is poverty, political pauperization."

Ipina believes for these reasons that the government "would like to have an organized opposition, find a leader with whom to talk. The same is true of the labor movement."

Ω Government, Labor Leaders React to Bishops' Message

94P20757

[Editorial Report] At their conference in Cochabamba on 15 April, Bolivia's bishops issued a document highlighting current socioeconomic and political crises affecting the nation. The message got favorable reactions from Vice President Hugo Cardenas, Congress, labor leaders, and the major dailies.

The La Paz daily HOY of 16 April reported that the Bolivian Bishops Conference (CEB) document entitled "Dignity and Hope" acknowledged the people's concerns over "current events which have convulsed the country"; their fears and uncertainties over the proposed laws comprising the government's reform package; the worsening poverty experienced by most Bolivians; the growing controversy over Law 1008: the Law of Special Regulations on Coca and Controlled Substances—which the bishops declared "must be reviewed and revised." The document referred to U.S. Drug Enforcement Administration intervention in the MIR-narco scandal as events that have "belittled the dignity of the nation" and "submitted its sovereignty to foreign interests."

The document, according to La Paz PRESENCIA 16 April, also decried corruption, which it said "has been institutionalized at various levels of the state administration and has endangered the credibility of broad sectors of the political elite." The bishops contended that these problems have been aggravated in recent days by "repeated conflicts between the government and the Bolivian Labor Federation (COB), students, peasants, miners, and teachers, creating anxiety and instability in the country." The daily reported that the bishops urged compromise and dialogue and called for spiritual "disarmament" when facing this conflict.

The same daily added that the bishops, on the other hand, applauded the many "signs of hope" in the country such as "new efforts toward modernization and educational reform"; the "tenacity" with which corruption cases in public administration have been uncovered; and the growing struggle of the people for their rights which "have often been forgotten or even crushed."

Vice President Hugo Cardenas told the 17 April PRESENCIA that he had urged Congress to "seriously consider" the Church's view on the need to revise Law 1008. He praised the bishops' awareness of the "real nature of Law 1008" and their initiative in pointing out its defects, one of which is that the penalties for contravening the law are not proportionate to the crimes. According to HOY of 18 April, the law denies people freedom of movement and communication, parole, or release on bail. "Therefore, human rights and constitutional precepts are violated," explained Deputy Ramiro Barrenechea, member of the Chamber of Deputies Narcotics Commission.

Juan Carlos Duran, president of the Senate and top leader of the ruling Nationalist Revolutionary Movement (MNR), referred to the bishops' document as "very timely" in the 18 April PRESENCIA DEL PAIS. He explained that, as a result, the government has proposed that the law be revised by the national Congress following the installation of the next legislature in August. The announcement was made 19 April by President Sanchez de Lozada in a press conference, according to the 22 April Cochabamba LOS TIEMPOS.

HOY of 17 April praised the "spontaneous communion of views" between labor leaders and the Bolivian Catholic Church in the face of "U.S. interference in internal affairs and the social conflicts that are plaguing the country." Concerning the bishops' statement on government corruption, Oscar Salas, executive secretary of the COB, commented that "each and every one of the country's political groups has a shameful previous history." "Coupists, fugitives, and corrupt politicians involved in drug trafficking unfortunately abound in the national Congress," charged the leader of the teachers union of La Paz, Jose Luis Alvarez, "and that is one of the principal reasons that the politicians and the system are continuing to lose credibility." Commenting on Law 1008, HOY noted that labor leaders agreed with the Church about the need for revision of the law and for the "very same reasons."

Ernesto Machicao, Minister of Social Communication, told 17 April HOY that the Catholic Church's pronouncements on various aspects of national reality are always looked upon with respect by the government and, thus, will be carefully studied. He told PRESENCIA of 18 April that after consulting with President Sanchez de Lozada and other ministers, the government decided to "follow" the exhortations in the bishops' message and try to solve the ongoing labor conflict with "dialogue and compromise." Machicao, nevertheless, characterized as "unjust" the bishops' accusations that the government is responsible for the "increasing poverty experienced by the majority of Bolivians," and stressed the administration's efforts to pass its four-part reform package in just eight months in office.

Finally, an editorial in 17 April HOY urged people to "meditate on the way shown us by the Catholic Church," which continues to be a "permanent institution in our country."

Brazil

Foreign Minister on Tlatelolco Treaty

PY1805002094 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 17 May 94

[Report by Claudia Moreira from Brasilia]

[Text] The federal Senate has approved the amendments to the Tlatelolco Treaty, which guarantees the nonuse of nuclear weapons. This was reported by Foreign Minister Celso Amorim.

[Begin Amorim recording] The treaty represents our total integration in a system of guarantees proscribing the use of nuclear weapons. It is a treaty that includes all of Latin America and the Caribbean. All the meaningful countries ratified it, except for Cuba, which did not sign it. However, I believe that now with this ratification by Brazil, as well as by Argentina and Chile—which were the countries that promoted the amendments—Cuba will now sign it. With this, Latin America and the Caribbean will be an area totally free of nuclear weapons. It must be pointed out that the treaty not only entails a commitment by Latin America but by the nuclear powers as well not to use or keep nuclear weapons in Latin America. [end recording]

The Tlatelolco Treaty also allows the control of nuclear installations by the International Atomic Energy Agency.

Senate Ratifies Tlatelolco Treaty, Amendments

PY1705223794 Madrid EFE in Spanish 2009 GMT 16 May 94

[Excerpt] Brasilia, 16 May (EFE)—After approving a number of recent amendments, the Brazilian Senate today ratified the Tlatelolco Treaty, which proscribes the proliferation of nuclear weapons in Latin America and the Caribbean.

The Brazilian Foreign Ministry stated that with the ratification of the treaty and its amendments Brazil has completed a revision of its international nuclear policy, thus demonstrating its commitment to the nonproliferation of nuclear weapons.

The Tlatelolco Treaty, which was signed in Mexico City on 14 February 1967, was designed to make Latin America the first region in the world to be free of nuclear weapons and to stop the arms race in the region.

The Brazilian Foreign Ministry added that the treaty's ratification "clearly demonstrates the high significance the country attaches to the treaty, which provides that all signatories are equals and have the same rights and obligations and requires safeguards from militarily armed countries." [passage omitted]

Principal Projects of Parties, Candidates Viewed

94SM0346A Rio de Janeiro O GLOBO in Portuguese 18 Apr 94 p 4

[Article: "Candidates Launch Programs in May"]

[Text] The difficult and drawn-out process of forming electoral alliances, which is to be interrupted in May and then resumed after the first round of balloting on 3 October, is concealing something new from the voters: practically all the candidates will arrive at their party conventions in May with plans for government in their briefcases and maybe even on the tips of their tongues. What they are all proposing is economic growth and a fight against poverty.

It is true that some situations are not very clear. The PT [Workers Party], for example, has a plan for government, but so far its candidate, Lula, does not. Strong resistance to some aspects of the plan have made it necessary to harmonize what the majority in the party says with what the candidate can reasonably propose to the country. The PSDB [Brazilian Social Democracy Party] has a party platform that was drawn up in July 1993, but Fernando Henrique's plan for government will have to be the result of the negotiations, already under way, with the PFL [Liberal Front Party], his main electoral partner.

Main Plans of the Parties and Their Candidates*

Subject	Lula (PT)	Fernando Henrique (PSDB)	Quercia (PMDB)	Sarney (PMDB)	Brizola (PDT)	Esperidiao Amin (PPR)
Health	During the administration's first year, increase investments from the current $6.5 billion (1.7 percent of GDP [gross domestic product]) to $12 billion (2.6 percent of GDP). Gradually increase the amount to 5 percent of GDP.	The organization, execution, control, and decentralization of public health policy must be emphasized. Where necessary, involve the community in the planning of services.	Supports municipal control.	Reformulate, with the state sharing responsibility for health with the private sector.	Establishment of a tax similar to the Finsocial [Social Investment Fund] tax to provide funds for use in this sector.	Spend $3 billion annually on health.
Education	Top priority. Increase investments from 3.9 percent to 10 percent of GDP. Goal is to see that every school-age child is in the public school system. Churches and commercial associations will be used.	Eradicate illiteracy and work for universal schooling by means of free schools and the good quality and upgrading of teachers. University autonomy guaranteed.	Municipal control of basic education.	Emphasis on new technologies and human resources, especially technologies dealing with mass teaching methods.	Full-time schools. Elementary and secondary levels to last five years each, with technical training being provided for secondary students.	Spend $2 billion annually on education.
Housing	Decentralize and diversify housing programs. Finance them by establishing new sources such as lotteries, pension funds, IOF [financial operations tax], and conversion of state and municipal debts.	Urban policy leading to less social segregation in the big cities and rational land use; combat real estate speculation by means of progressive taxation.	Municipal control of low-cost housing.	Financing of technologies for low-cost housing and partnership with states and municipalities. Incentives for private- and financial-sector involvement in this area.	Establish a progressive tax on land held for speculation in order to generate low-cost housing funds.	Carry out a strong low-cost housing program involving the expenditure of $2 billion annually.
Security	(still being debated)	Citizenship includes the freedom to think and speak and the right to personal security and defense.	(still being debated)	Emergency actions to eliminate all connection between the state sector and crime. Joint action by Armed Forces and Civil and Military Police.	Invest in personnel training by establishing state secretariats to restore police credibility. Unified police force.	Establishment of a National Guard to intervene in emergency situations.
Industrial policy	Encourage sectoral chambers. Favored treatment for domestic market through incentives to produce mass consumer goods. Compensatory policies to protect domestic products.	Sovereignty requires the establishment of national priorities for industrial, scientific, and technological development to avoid both futile protectionism and irresponsible openness of the market.	Division into three groups: those competitive, those that can be restructured, and those requiring special policy.	10-percent import tariff to force firms to free themselves of government control. At the same time, combat the oligopolies.	Incentives for small and medium-size industry through the use of exchange reserves, which will also be used to modernize industrial plant.	The state will not confuse the businessman and will provide major incentives for research. Wants to restore industrial competitiveness.

Main Plans of the Parties and Their Candidates* (Continued)

Subject	Lula (PT)	Fernando Henrique (PSDB)	Quercia (PMDB)	Sarney (PMDB)	Brizola (PDT)	Esperidiao Amin (PPR)
Employment and wages	(still being debated)	Will support the establishment of vocational training programs and a genuine unemployment insurance program. Promises to ensure free negotiation between employers and employees.	The program's governing idea is to generate jobs by investing in agriculture, the food processing industry, transportation, energy, and communications. Minimum wage will be increased gradually.	Increase the number of jobs; a minimum wage of $100 the goal.	The generation of new jobs would result from the discouragement of speculation on the financial market. Raise the minimum wage and introduce profit sharing for employees.	Intends to revive the economy in order to increase the number of jobs. Promises to generate 10 million new jobs. Wants the minimum wage to be $150 by the end of the administration's term in 1999.
Social Security	(still being debated)	Supports social security reform.	To be financed by a long-term system based on the generation of savings by the state and its enterprises.	Reorganize the sector by getting the private sector involved.	The Union would be responsible for providing social security for workers earning up to 10 times the minimum wage. Other workers would join private social security groups.	Spending not to exceed 50 percent of government's current expenditures. Supports special pensions and a mixed social security system, with government paying benefits up to a certain limit.
Culture	(still being debated)	Promote artistic and cultural development as a direct factor in the personal and social transformations required by the Brazilian people, with guaranteed democratization of access to cultural resources.	Expand the computer and videotext network to schools.	Reissue the Sarney Law. Invest $100 million over 10 years.	(still being debated)	Will encourage regional cultural events and may refine the Rouanet Law.
Transportation	Cost of transportation systems will no longer be borne by government and users. Government is to act jointly in organizing transportation and traffic in the cities.	(still being debated)	Priority to water and rail transportation, where costs are lower.	Enter the era of modal transportation and revive coastal shipping by building functional ports.	Concentrate on rehabilitating the rail network, which, together with waterways and coastal navigation, would play a basic role in freight movement.	Plans to rehabilitate the national road network and expand it by 20 percent.
Foreign Debt	Supports renegotiation as a principle, with the government reserving the right to declare a moratorium in response to intransigence on the part of creditors and a collapse in exchange reserves.	Proposes to deal with the foreign debt problem by conducting an audit to investigate its causes and consequences.	A matter to be resolved over the long term. The program does not say how.	Not a major problem. In a good negotiating position because of low international interest rates.	Renegotiation of interest rates. Payment would be based on an amount not jeopardizing the amounts needed to get the country's development moving again.	Foreign debt will be paid, but with funds generated by economic growth and tax collections.

Main Plans of the Parties and Their Candidates* (Continued)

Subject	Lula (PT)	Fernando Henrique (PSDB)	Quercia (PMDB)	Sarney (PMDB)	Brizola (PDT)	Esperidiao Amin (PPR)
Agriculture	Goal is to double food production by encouraging small Amazon settlements and cooperatives. Agrarian reform will be used as a strategic tool in combating hunger and unemployment.	Carry out agrarian reform in the context of a multiannual agricultural plan suitably combining the instruments of progressive taxation and expropriation.	The plan is to coordinate the food chain (minimum prices, loans at compatible rates of interest, technical assistance, warehousing, and transportation) and draw up support programs for small producers.	Production subsidies and investments in rural energy and roads for moving crops to market.	Regionalization of farm credit, differentiated according to product and granted as a guarantee for financing. Buildup of strategic stockpiles.	Agricultural policy is a priority. Wants to encourage and regulate agricultural activity and promote tremendous incentives for this sector.

*The final form of the programs will depend on party alliances.

The PDT [Democratic Labor Party] drew up a platform at its third national congress—held three years ago—and is scheduled to complete its revision of that platform this week. The resulting document will become the guide for candidates in the states and for the rank and file. To some extent, it is also supposed to guide Brizola's campaign message, since he is once again the party's candidate for president of the republic.

In the PMDB [Brazilian Democratic Movement Party], two of the men running for nomination on 15 May—Jose Sarney and Orestes Quercia—have plans for government and a few programs outlined. The new candidate for the PPR [Progressive Renewal Party], Senator Esperidiao Amin, also knows by now what he is going to propose to the voters. The table above shows how each candidate's party proposes to deal with 11 points in the plans for government.

Nine More Parties To Participate in Elections

PY1405034794 Rio de Janeiro O GLOBO in Portuguese 13 May 94 p 4

[Text] Brasilia—The Federal Supreme Court (STF) has approved modifications to the electoral law and has thus opened up space in the electoral competition for nine small parties. These modifications could cause changes in a political scenario that had been practically defined. The Social Christian Party [PSC], for example, is already considering the possibility of talking to Senator Jose Sarney (PMDB-AP) [Brazilian Democratic Movement Party—Amapa] if the STF also modifies the term for party registration.

PSC President Vitor Nosseis said Senator Sarney would be welcome to the party if he decides to leave the PMDB to run in the elections.

Even if Senator Sarney does not accept the PSC invitation, the party will have a presidential candidate, chosen between Brigadier Ivan Frota and Admiral Ernani Goulart Fortuna, former War College commander.

Prona [Party for Redefinition of National Order] will also have a candidate: Eneas Ferreira Carneiro, who is ready to enter the electoral campaign with the same slogan he used during 1989: "My name is Eneas." At that time, he had only 15 seconds of free electoral propaganda time. Now he will have at least one minute, and he plans to make use of the space reserved for Prona's 18 gubernatorial candidates.

Eneas asserts that if he could have two or three minutes, he would run over his rivals like a tractor.

Among the other small parties, some still think about having their own candidates. Most of them, however, are committed to alliances with the large parties. The PMN [National Mobilization Party], which ran in the last elections with Celso Brandt as candidate, is holding talks with the PDT [Democratic Labor Party]. The PC do B [Communist Party of Brazil], the PPS [People's Socialist Party], and the PSTU [Unified Social Workers Party] joined the PT [Workers Party] in supporting Lula's candidacy. The PV [Green Party] is still holding talks with the PSDB [Brazilian Social Democracy Party], the PT, and the PDT. All the small parties will have free electoral propaganda time on television, and the TSE [Superior Electoral Court] will have to redistribute the free electoral propaganda time among 20 parties.

Defeated PMDB Candidate Supports Lula

PY1605224294 Rio de Janeiro O GLOBO in Portuguese 16 May 94 p 7

[Text] Curitiba—In the wake of his defeat at the PMDB [Brazilian Democratic Movement Party] primaries, former Parana Governor Roberto Requiao yesterday announced that he will endorse Workers Party [PT] candidate Luis Inacio Lula da Silva. Requiao said he is convinced Lula will win the elections in the first round. Requiao conceded defeat to Quercia yesterday morning in a speech he delivered before PMDB delegates at the Legislative Assembly in Curitiba.

Requiao said: Lula will win because the other parties are increasingly demoralized. At the PMDB convention, we run the risk of internally promoting the rehabilitation of Deputies Genabaldo Correa, Ibsen Pinheiro, and Manuel Moreira, who were charged by the Budget CPI [Congressional Investigating Committee].

Without directly attacking Quercia, Requiao reaffirmed that he will not participate in the PMDB campaign.

Requiao said: I said I would do without with Quercia's support for my candidacy and I hope he will do the same. I support Lula. No one can prevent me from seeking a Senate seat.

Requiao made it clear that he will not hold the PMDB rank and file responsible for the outcome of the elections.

Requiao said: PMDB members cannot be held responsible; that lies with the slow, weak leaders who adopted an ostrich-like policy in Congress by sticking their heads in the sand. He stated that he will continue within the PMDB.

Minister Rules Out Real-Dollar Conversion Mechanism

PY1705135094 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 17 May 94

[Text] Finance Minister Rubens Ricupero has ruled out the possibility of the government converting the real in dollars or in other currencies. He declined, however, to make comments on the exchange rate.

The minister said savings accounts will not be modified, and that they will continue to be adjusted by the TR [Reference Interest Rate]. He did not identify, however, the factors that will be taken into account for calculating the TR.

Ricupero announced that this week he will set the rules for conversion of school monthly fees into real value units.

Two 'Important' Banks Withdraw Money From Country

PY1605225494 Sao Paulo FOLHA DE SAO PAULO in Portuguese 14 May 94 Section 1 p 6

[Article Carlos Alberto Sardenberg]

[Text] Two important investment banks—one Brazilian and one American—have decided to immediately withdraw their investments from the Brazilian financial market.

One of these banks has a $1 billion portfolio of investments, of which $700 million comes from abroad.

The decision follows a combination of two factors: The lead in the polls by PT [Workers Party] candidate Luis Inacio Lula da Silva and his statements during his meetings with bankers and investors in the United States.

The comments by Deputy Aloizio Mercadante (PT-SP) [Sao Paulo], who is considered to be one of the mentors of the PT economic policy, confirm investors' perception that Lula will head for a closed, government-controlled, economy with restrictions on foreign capital.

The decision to begin withdrawing money now from the country is strategic. Investors believed they would not have to worry about the subject until September, just before the first voting round of the presidential elections (3 October). They initially planned to withdraw the money between the first and second voting round.

The banks decided to move now given Lula's lead among voter preference. A good portion of foreign investments is applied in the stock exchange.

If investors decide to sell en masse there will be big losses because prices will drop considerably.

Those who believe Lula will win the elections decided to start pulling out now, without panic and taking advantage of the good market quotations.

Finance Minister Affirms Fixed Exchange Rate

PY1705013494 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 14 May 94 p B5

[Article by Beatriz Abreu]

[Text] Belo Horizonte—Finance Minister Rubens Ricupero yesterday admitted that the government will adopt a fixed exchange rate between the real and the dollar and the other international hard currencies for an undetermined period of time. Ricupero said that the government can maintain a stable exchange rate because its exchange reserves amount to "much more than $30 billion" and he does not believe in reducing the profitability of exports. Ricupero said: "Most exporters are already closing future exchange deals [contracts through banks by which payment is received ahead of the actual export operation]." He added: "They prepare a cushion months ahead."

Ricupero did not say how long the government expects to maintain a "stable" exchange rate—given that he does not want to admit that the exchange policy to be adopted with the implementation of the real is based on freezing the exchange rate. He said: "It is as the poem says: Let it not be eternal but infinite as long as it lasts," quoting the Fidelity Sonnet of [Brazilian poet] Vinicius de Moraes. An economic team member has admitted that the URV [Real Value Unit] on 30 June will equal 1 real on 1 July. From then on parity with the real will not change. According to economic team projections, the URV on 30 June will be equivalent to 2,614.12 real cruzeiros.

Ricupero said that he recently spoke with former Finance Minister Delfim Netto who expressed support for the "clever plan." Ricupero said Delfim told him he had tried to adopt the same program when he was a minister but was unable because the country then faced serious exchange problems. Ricupero stated: "Delfim said he needed $1 billion to establish parity between the dollar and the ORTN [National Readjustable Treasury Bonds], but the IMF refused to lend him the money."

The minister said the government is alert to eventual problems with the exchange lag. He said something "which has become a cliche:" He said: "Exporters always demand a 30-percent exchange lag." He revealed that he will negotiate with [state] governors the elimination of taxes on exports. He stated: "Negotiation is difficult, but we will try to lift the burden on exporters and convince the governors that with price stability, other tax revenues will increase."

Regarding salaries, the finance minister said he will not allow businessmen to pay for eventual wage increases with price increases. "We will negotiate case by case, like with the car industry." He said the salary mass dropped by 10 percent in real terms during the first few months of this year.

The minister said he is worried over increased consumption. "There might be a problem with durable goods sales because they already increased by 40 percent," he said. "If this trend is confirmed we will have to adopt further measures, but in general we do not believe in a consumption explosion because only 74 percent of the industrial capability is working."

Thoughts, Writings of Finance Minister Viewed

94SM0346C Brasilia CORREIO BRAZILIENSE in Portuguese 17 Apr 94 p 16

[Article by Leonardo Attuch: "Ricupero the Thinker"]

[Text] The differences between the new minister of finance, Ambassador Rubens Ricupero, and his predecessor, Fernando Henrique Cardoso, go beyond the difference existing between the discreet government official and the smiling candidate. Unlike the former minister, who asked that everything he ever wrote be forgotten—although Cardoso claims he never said it and several others claim they heard him say it—Ricupero takes pride in his literary production.

Whereas Cardoso throws his books on the bonfire, the ambassador distributes his works, even those not yet unpublished, and pleads with the newspapers to discuss ideas, concepts, and projects instead of trivial intrigues. Ricupero complains: "They have already tried to plant news items about me."

Despite having to administer the most delicate phase of the program—the building of a new currency, which is when the plan actually begins, according to Delfim Netto—Ricupero still finds time to devote himself to the study of parallel issues having to do with the future of the Brazilian economy. Some of his favorite topics are the rigidity of the labor market, the straitjacket that the state is in because of mandated expenditures, trade relations between underdeveloped countries and the First World, and, lastly, social security reform.

There are similarities, however, between Ricupero and Cardoso. Since Ricupero took over from Cardoso at the beginning of the month, both men have continued—or would like to continue—to be what they were before. Even as minister of finance, Ricupero has not stopped his classes ("it's therapy"), his masses at the Sao Bento Monastery, or his daily duties. Even as a senator, Cardoso sees himself in the role of minister of finance, with an eye on the success of the stabilization plan and the succession. "Everyone knows that the plan is mine," he said shortly after stepping down as minister. Seen from another angle, there are no differences between the two at all. Both are expected to vote for the same candidate in the presidential elections in October and November.

New Ideas Are Always Welcome

One of Minister Ricupero's bedside books is that by economist Jose Pastore of the University of Sao Paulo, who compares social security taxes in Brazil with those in the rest of the world. For every cruzeiro that a businessman pays a worker, 81 centavos have to be sent to the government for programs concerned with assistance, insurance, guarantee funds, retirement, and so on. According to Pastore, Brazil "is a country with high social security taxes and low wages."

Ricupero supports deregulation of the labor market as a means of stimulating employment. "The results of that rigidity are an informal economy and under-the-counter dealings," he says. Pastore says that for the businessman, it is more advantageous to convert social security taxes into wages than to keep them as fixed costs payable to the government.

The director of the Interunion Department for Statistics and Socioeconomic Studies (Dieese), Sergio Mendonca, does not trust deregulation. "No one can guarantee that social security taxes would be transferred to the worker," he says. But Mendonca admits that the state services received by the public in exchange for those taxes is of extremely poor quality and subject to corruption.

In his book, Pastore shows that social security taxes are higher in Brazil than in any European country. The only one that comes close is France.

Reputation as 'Lunatic' Does Not Worry Him

Minister of Finance Rubens Ricupero will soon publish one of his latest books in Chile. Completed in March, it deals with the international system of trade. The title talks about "disagreements resulting from unrequited love," with the author criticizing the fact that trade in the underdeveloped world has been liberalized with no corresponding move by the rich countries. Ricupero attacks "the righteous indignation of the preachers of free trade, who reserve their holy anger for industrial subsidies while ignoring agricultural subsidies."

Ricupero also attacks the less transparent obstacles that have been replacing tariff barriers. They constitute so-called nontariff protectionism, in which quotas or obstacles of an ecological nature—such as the "green stamp"—and so on are adopted. But the minister does not limit his remarks to a Manichaean and Third-Worldist opposition between North and South. According to him, confrontation over liberalization has occurred many times between the United States and the European Community or, occasionally, Japan and other developed nations. Since Brazil's trade is diversified, Ricupero supports a general opening up of foreign markets.

The ambassador also cultivates the reputation as a "lunatic" which he has among some ministers, especially military ministers, because of his habit of expatiating on loftier subjects. But he describes himself as pragmatic and as a follower of the ethic of responsibility proposed by Max Weber, which says that the results of one's acts are more important than one's intentions. For that reason, Ricupero has been intransigent—as he himself admits—on the issue of the minimum wage. Considering all the ideas that Ricupero delves into, Camoes might have written: "such a big project for such a short life." Ricupero has less than nine months ahead of him in the Ministry of Finance.

One Complaint: the State's Straitjacket

During his visit to Congress on Wednesday, Ambassador Ricupero complained about the straitjacketing of the state. "I am a minister of finance with control over 7 percent of the budget; the rest is the prisoner of mandated expenditures." Ricupero has been influenced by his friend, Deputy Jose Serra (PSDB [Brazilian Social Democracy Party], Sao Paulo), who in Congress is one of the main opponents of compulsory transfers.

Transfers to states and municipalities rose from 11.8 percent of the Union's revenues in 1983 to 18.8 percent 10 years later. In 1992, nearly half of the social security budget was committed in the form of mandated expenditures. The 1988 Constitution also requires that 18 percent of total tax collections be spent on education. In the labors of Hercules involved in the economic plan, one of the most difficult problems was the blockage of funds, which instead of going to mayors and governors, had to be transferred to the Emergency Social Fund.

Serra uses the argument that mandated expenditures prevent the government from being flexible enough to alter priorities in spending, the result being a harmful effect on the tax system. "The Union tends to increase taxes typical of monetary policy, which are not transferred to the states and municipalities, in order to increase its revenues," the deputy says. Serra also says that one mandated expenditure leads to another because each sector is trying to defend itself. The Ministry of Health is demanding that 30 percent of the social security revenues be given to it. The government's goal under the Unified Health System (SUS) is to transfer income and expenditure related to hospital care to the state and municipal governments.

Privatization of Aeronautics Company Embraer Postponed

PY1705135494 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 17 May 94

[Text] The executive commission of the national privatization program has postponed to 23 May a decision on the Brazilian Lloyd [Brazilian State Shipping Company]. The commission took into account a request from the Transportation Ministry, which asked for one week for making a proposal.

The auctioning of Embraer [Brazilian Aeronautics Company], which had been scheduled for 20 May, has been postponed to 4 August.

Finance Minister Defends Agrarian Reform, Condemns Protest

PY1705013594 Rio de Janeiro O GLOBO in Portuguese 14 May 94 p 9

[Excerpt] Belo Horizonte—Finance Minister Rubens Ricupero on 13 May defended agrarian reform as he condemned the cordon established by nearly 300 people who claim to be landless peasants around the Finance Ministry on 12 May in Brasilia. The demonstrators were demanding a solution to the national land situation. According to Ricupero, the riot was incomprehensible because the Finance Ministry has nothing to do with agrarian reform.

"Personally, I am in favor of agrarian reform. At least on this point the peasants and I agree, because we both oppose the UDR [Rural Democratic Union]. The peasants should demonstrate against the UDR, against Caiado (meaning former UDR president and former Deputy Ronaldo Caiado). On 13 May, the CUT [Sole Workers Central] secretary general said during an interview that the intention is to defeat the government stability plan. What is the real intention behind that," the minister asked.

Ricupero on 13 May visited Belo Horizonte to explain the economic stabilization plan to Minas Gerais business people. In the totally full assembly hall of the Minas Gerais Business Federation, he paused during his explanations to speak again about the incidents in Brasilia. He referred to agrarian reform and asserted that sooner or later this problem will have to be solved in Brazil.

"With apologies to the people close to the UDR, but agrarian reform is necessary in this country," he said.

In his opinion, the government acted correctly by ordering the Army to intervene in the Federal Police problem. According to him, the government cannot allow this kind of abuse. He believes that the federal policemen on strike have demonstrated narrowmindedness by harming the population: "The people end up by siding against the strikers." [passage omitted]

Escalation of Violence Possible in Landless Peasant Problem

PY1705215194 Sao Paulo FOLHA DE SAO PAULO in Portuguese 15 May 94 Section 1 p 5

[Article by Josias de Souza]

[Text] Classified documents sent to President Itamar Franco reveal the growing problem of land distribution in Brazil.

Official investigations show the risk of an escalation of violence in the countryside.

The reports were prepared by the SAE, Strategic Affairs Secretariat, headed by Admiral Mario Cesar Flores. The investigation of the landless peasants began nearly two years ago.

Flores said: "The growing agrarian conflict is worrisome." According to him, the landless peasants "have adopted violence as a political method."

The landless peasants were the main subject of the three meetings President Franco held with his military ministers this week.

During a conversation with Justice Minister Alexandre Dupeyrat on 12 May, Deputy Luciano Pizzatto (PFL-PR) [Liberal Front Party-Parana] wondered whether the peasants are "arming themselves."

In the evening during another meeting, Minister Dupeyrat said seriously: "The situation is far more serious than you can imagine."

Contag [National Confederation of Farmworkers] President Aloisio Carneiro said the government is not well informed. "We do not buy weapons, nor do we support radical positions."

Adm. Flores did not rule out the possibility of the land distribution problem reaching an "untenable" stage.

In case it did, the problem would have to be dealt with as a "national security subject," and he even admitted an eventual intervention by the Armed Forces to control it.

The president and his advisers are convinced that CUT [Sole Workers Center], the labor union branch of the PT [Workers Party], is behind the radicalization of the landless peasant problem.

CUT has denied any inclination in favor of radicalizing the problem to use it for electoral purposes.

Motives for Forming Political Alliances Analyzed

94SM0346B Brasilia CORREIO BRAZILIENSE in Portuguese 16 Apr 94 p 7

[Commentary by Marcio Moreira Alves: "Motives for Alliances"]

[Text] Lula is proposing an electoral pact directly with the PDT [Brazilian Labor Party] in opposition to the interests of party leader Leonel Brizola, whose elevation to the presidency is the only reason for the PDT's existence. Does Lula think it is possible to be successful? Obviously not. He is simply building a bridge to the second round of balloting with the intention of collecting his rival's votes without having to negotiate directly with that rival. The leftist leanings that he detects in Brizola's voters would naturally gravitate toward him.

The law of gravity is also preferred by social democrats who, like Mario Covas, feel nauseated at the thought of possible alliances with groups further to the right, examples being the PFL [Liberal Front Party], the PP [Progressive Party], and the PTB [Brazilian Labor Party]. They believe that those votes, lacking an alternative, will naturally trickle over to Fernando Henrique.

What must be has great strength, as they say in Minas Gerais, where it is also said that there are three forces against which man can do nothing: fire moving uphill, water moving downhill, and the Federal Government. So if electoral support is inevitable and the PSDB has the Federal Government's official candidate, why expend so much time and energy on a behind-the-scenes battle of the "hold me back or I'll hit him" variety?

That is the question being asked by the pragmatists. The question being asked by the scientists is different: in a country where, according to a list published by Wanderley Guilherme in his book *Regresso (Return)*, 23.7 percent of the congressmen—representing 51 percent of the voters—have changed parties since the Constituent Assembly of 1988, why waste time with party leadership bodies? To take only one example, the PP was established on 31 January 1993 and has 37 federal deputies and four senators, all of them "migrants." Added to that is the fact that, as Maria D'Alva Kinzo wrote in *Radiografia do Quadro Partidario Brasileiro (X-Ray of the Brazilian Party Situation)*, half of the voters have no preference for any party at all, and when it comes to those who do have a preference, only the PMDB [Brazilian Democratic Movement Party] (19.4 percent) and the PT [Workers Party] (13.6 percent) have a significant membership. If that is the case, why not attempt a direct dialogue with the voters?

The isolationists, who oppose any and all alliances and who account for 35 percent of Fernando Henrique's voters in Sao Paulo, add another question: if 70 percent of the congressmen are going to be rejected by the voters in October (and the percentage is expected to be even higher in the Northeast), what kind of argument exists for an alliance with the PFL, 52 percent of whose congressional bloc is from the Northeast and will therefore be the most probable victim of that rejection?

The reasons for electoral nuptials, no matter how preposterous they may seem to the ideologically sensitive, are purely objective. In the first place, there is the question of geographical presence. Even though they have few members, the biggest parties have established good structures at the municipal level. In the 1992 elections, the PFL elected nearly 1,000 mayors. The PSDB elected only 332, although five of those are in state capitals. The PTB, which supports the government as strongly as the PFL, elected 79 state deputies, a reasonable number. Miniparties such as the PDC [Christian Democratic Party], the PL [Liberal Party], the PRN [National Reconstruction Party], and so on, which are the next objective in alliances, elected 23 percent of the mayors in the North, 24 percent in the Northeast, 27 percent in the Center-West, 16 percent in the Southeast, and 10 percent in the South.

"Going it alone doesn't work," say almost all the party leaders. The main reason is not the need for mayors to shove the voters to the ballot box. It is the magic of television. Everybody recognizes the crucial role played by the TSE's [Superior Electoral Court's] free campaign programs in influencing decisions by the voters. Since the allotment of air time—already set by the electoral court—is in proportion to the number of congressmen in each party, alliances will decide which candidates have the most opportunities to present their platforms. Isolated candidates like Brizola and also Espiridiao Amin, if he accepts the challenge, will have to summarize their messages tremendously and run the risk of not imprinting them in the minds of the voters.

Chile

Carabineros Director General Resumes Duties

PY1705205594 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1800 GMT 17 May 94

[Excerpts] The atmosphere at Carabineros headquarters is now relatively calm. A discreet police patrol was established after General Rodolfo Stange returned to work this morning. [passage omitted]

By 0800 everything was ready to receive Gen. Stange who arrived at 0807 and was welcomed by General Fernando Cordero, General Manuel Ugarte, and General Oscar Tapia. Before entering the building Stange greeted the media.

After 0900 Carabineros issued a brief communique stating that Gen. Stange, having taken the vacations to which he is entitled by law, has resumed his activities.

[Begin recording] [Carabineros Social Communications Director Major Camilo Salinas] Complying with Defense Minister Edmundo Perez Yoma's orders, within the next few days the Carabineros High Command will focus its attention on drafting a modernization plan for the institution. [end recording]

Carabineros sources have said this means Gen. Stange will not delegate his command nor his decision-making role, only minor tasks such as inspection visits and ceremonies. [passage omitted]

Defense Minister Perez Yoma said the government is satisfied with the solution to the Stange case. He explained that while Gen. Stange is busy studying the modernization plan, his other duties will be discharged by Gen. Fernando Cordero, the second in command.

After yesterday's hectic day, which ended with a brief communique on the solution to the Stange case, the defense minister explained the scope of this agreement.

[Begin recording] [Perez Yoma] I believe this agreement, to a certain degree, safeguards the interest of both parties.

[Unidentified reporter] Does this merely postpone the issues for another 30 days or is the problem definitely solved?

[Perez Yoma] It by no means postpones the problem. It is the solution to a determined problem and we will assess the developments day by day.

[Reporter] In 30 days time will he [Stange] leave the institution definitely or will he fully resume his duties?

[Perez Yoma] There is nothing definite yet on the subject and we agreed we would not discuss the problem. I think we must let things take their course, we are right on top of the problem, and the best course is to let things return to normal, let calm return, and keep in permanent contact with Gen. Stange and assess the development of events.

[Reporter] This means Gen. Cordero will assume these duties in his capacity as acting director general.

[Perez Yoma] Naturally, he is the second in command. [end recording]

Bomb Destroys Bank Branch in Santiago

PY1605213894 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1800 GMT 16 May 94

[Text] A Bhif Bank branch was damaged by a bomb last night. Those responsible for the attack are reportedly members of the MIR [Movement of the Revolutionary Left].

[Begin unidentified reporter recording] The tranquility of Sunday night was abruptly interrupted when a powerful bomb exploded at the Bhif Bank branch on Macul Street near the corner of Irarrazaval Streets. An area of 100 meters, including nearby houses, was damaged. Fortunately, there were no casualties. According to preliminary information, the explosion was caused by a plastic bomb with a high destructive power. The bank branch was considerably damaged. Unofficial reports state that an extremist organization is responsible for the attack. [end recording]

Allamand on Party Leadership, Unity

94SM0337A Santiago LA NACION in Spanish 3 Apr 94 pp 8-9

[Interview with National Renewal President Andres Allamand by Aida Hanania in Santiago on 31 March; first two paragraphs are author's introduction]

[Text] No doubt it was not a time for political analysis at the big, rambling house of Antonio Varas when evening fell on 31 March. The Holy Week holidays had come early, even to the headquarters of Renovacion Nacional [RN-National Renewal]. At that time only one office was still lit up in the almost deserted building. It was the office of Andres Allamand, the leader of the party, who was receiving an unending series of telephone calls regarding the verdict in the case of the people who were beheaded. Obviously, the subject drew the intermittent attention of the opposition leader, and this matter also must have been mentioned in the discussions which Allamand had this weekend with Roberto Ossandon, the secretary general of his party. Ossandon promised to go with Allamand on his daily morning run.

On the other hand, the differences with the UDI [Independent Democratic Union] on opposition strategy toward the present government do not seem to bother Allamand, who considers that the democratic attitude displayed during the Aylwin administration was positive and extremely important. Nor does the president of the RN feel that his leadership has been challenged. He analyzed the present and future of his party with undisguised optimism, while displaying caution about controversial subjects.

[Hanania] Are you uncomfortable about having been elected a deputy in Las Condes with votes "borrowed" from Concertacion?

[Allamand] On the contrary. I feel that this increases my responsibility as a member of Parliament, since I feel to some extent under an obligation to respond to a broader electorate than usual. I am aware that some of the people who voted for me are identified with the opposition and some of them support the government.

[Hanania] Nevertheless, do you accept that those votes saved you from a defeat by Carlos Bombal, which, in the view of leaders of your own party, would have been humiliating?

[Allamand] I think that when you go into an election, you have to accept the results. And, whether you win or lose, it is not humiliating in any case.

[Hanania] But the election in District 23 was not an ordinary one. It was no mystery to anyone that in your district the future of two different leadership styles of the right was at stake. One of them—your own—was more open. The other, representing a harder line, was that of Carlos Bombal. In view of the results, how do you interpret the present status of those two leadership styles?

[Allamand] I think that both of them survived.

[Hanania] Does that mean that there are two leaders of the right?

[Allamand] I would not put it in personal terms. I believe that in the center-right there are positions which continue to exist, side by side. They are similar but are not exactly symmetrical—nor are they identical.

[Hanania] Does the fact that Bombal received more votes than you did mean that he reduced your status as leader in the RN?

[Allamand] (Smiling). Not at all. Anyone who knows the particularly difficult conditions under which I became a candidate knows that when I obtained the results I did, this was a great success. I am not unaware, nor do I ignore the fact that in reality Carlos Bombal received a slightly larger number of votes. However, the votes which we both obtained are equally significant.

[Hanania] Then your leadership was not affected?

[Allamand] The subject of the leadership is a question for the longer term. I do not think that it is determined by a given election. It is no mystery to anyone that if there was an electoral district in Chile in which the nomination of an RN candidate was particularly complex, it was Las Condes. But I am sure that it was a great campaign and that the result left all of us fully satisfied. This matter of the kind of leadership label you have does not particularly concern me. Why talk about possible conflicts over the leadership which may arise? In politics you have to work to promote the things you believe in. For example, the latest Adimark Poll shows an extraordinarily positive result for me, personally—by far the best which I have had over the past few years.

[Hanania] But Roberto Mendez, the Adimark pollster, has pointed out that the data in that study show a lack of leadership in the opposition today.

[Allamand] I do not think that is true. Quite the contrary. I do not like to talk about myself, but that poll clearly showed me as the strongest opposition leader, a long way ahead of the others. Among the 15 leading political personalities there are only two from the opposition. I am in eighth place on this list, and Carlos Bombal is 15th. In any case I do not think that this list is very important.

[Hanania] At the beginning of March 1994 you pointed out that the first task facing you was organizing your party. Do you intend to run for a third term in office as president of the RN?

[Allamand] The party has left behind it a crisis situation and a lack of internal harmony which has damaged our political activity since 1992, with the fateful espionage episode. Now in the RN we are moving with a new kind of cohesion and harmony and with a desire to work together. I am very satisfied about the path which the party has followed over the past few months. However, I have not yet decided whether or not I will run for a new term as president of the party. That is a matter on which there is still time to make a decision.

[Hanania] According to what has happened in the past few days, there are now several people who are considering replacing you, including those who would continue with the same political line, such as Deputy Teodoro Ribera, and representatives of the more "Jarpista" group [conservative faction formerly led by Jarpa], such as Senator Sergio Romero.

[Allamand] I think that there are various persons who might take part in an eventual contest for the party leadership. Now what I do not believe is that such markedly different views are being expressed as are reflected in your question. My impression is that the party now has great cohesion. Furthermore, I am not sure whether those two people you mentioned would be satisfied with being identified with one tendency or another.

[Hanania] In view of the position which such a well-known follower of the conservative line as Deputy Alberto Cardemil has been establishing within the RN, are you not concerned that this conservative position could again become dominant in all its glory and majesty, but now without Jarpa?

[Allamand] (Laughing). On the contrary. The task of the president of the party is specifically to try to harmonize the various views of the future.

[Hanania] Will that kind of harmony require the end of the "Jarpista" [conservative] tendency?

[Allamand] Please, who is interested in that? You make me laugh. It is simply absurd to talk about the end of the Jarpa tendency, given the present, internal situation in the RN. Nobody is now working within the party in a kind of competition for certain positions, and, even less, to develop new factions within the party. This is a party which is fed up with factions, many of which arose more because of personal problems than anything else. I visualize a situation from now on of much greater cohesion and harmony. I think it is very good for a large party like this one, which also had several candidates for the Presidency of the Senate, to have a number of possible candidates for the presidency of the party.

Opposition Alliance

[Hanania] Although the RN and the UDI have agreed on the objective of having the "Union por Chile" [Union for Chile] presented as a valid alternative government for the 1999 elections, once again the two parties differ on the tactics to be followed to reach that objective. While the RN continues to hold to the idea of keeping in effect a democracy based on agreements, the UDI is tending toward a democracy based on alternatives.

[Allamand] This difference between the "democracy of the agreements" and the "democracy of the alternatives" is much more apparent than real, since, among other things, it must not be forgotten that we developed both concepts during the previous government. In a modern democracy positive differences, that is, alternatives, must coexist. We must have enough intelligence to generate points of convergence, that is, agreements.

[Hanania] Nevertheless, some of your associates consider that once the transition is over, the policy of agreements will no longer be justified.

[Allamand] We must not return to confrontation in Chilean politics simply because the transition to democracy has been completed. I believe that there is an enormous amount of political immaturity in those who allege that they wish to have nothing more to do with one of the greatest "intangibles" which the country has as a whole, that is, the climate of political harmony and social peace.

[Hanania] Some UDI leaders consider that a policy of that kind will delay the possibility for the opposition to become a real, alternative government, because such a policy blurs the differences.

[Allamand] I believe, quite to the contrary, that such a policy would bring the differences out more clearly and strengthen them because such a policy would show unmistakably to the country that the opposition has ideas and the capacity really to have an impact on national leadership and, consequently, to be the government. In a democracy you govern from the side of the government, but also from the opposition. And if they ask me how you move more quickly by being an alternative government, in my view it is not by waiting for six years to propose a list of actions to be taken which you have kept up your sleeve but rather through the consistent and continuing action of providing solutions to national problems.

[Hanania] Do you think that the position of the UDI reflects a certain meanness of spirit by concentrating on outlining the right rather than emphasizing the interests of the country?

[Allamand] I would not put it in such harsh terms. That is a kind of a caricature of the situation. All of a sudden the forms seem to be harsher than the substance. The question now is whether, during the Frei administration, the opposition should lend its active cooperation to accomplishing major, national tasks or, on the contrary, to stand by its own positions and simply act as spectators. I believe that the proper way to behave when you are in the opposition is by cooperating actively in carrying out the national tasks which face governments. I hope that, finally, the UDI will also work along the line that you have to serve the permanent interests of the country, whether in the government or in the opposition.

[Hanania] Nevertheless, many people, including some within the government itself, think that the RN will wind up adopting the views of the UDI, just as, for example, it wound up accepting the incorporation of the UCC [Center-Center Union] in the right-wing agreement.

[Allamand] In effect we accepted the incorporation of the UCC since, had we rejected it, it would have been impossible to prepare a list of candidates for the Senate. In that event, this list achieved great success. The basic discussion was always about how the UCC was to be incorporated. It should not be forgotten that the UCC began by asking for 15 districts in which it would stand on its own. But at this point that sounds to me like an argument from the past.

[Hanania] My question, Deputy Allamand, was whether you rejected the possibility that the RN would also end up accepting at this point the view of the UDI by hardening its position against the government.

[Allamand] You are working on the basis of the view that the UDI imposes its point of view, which, objectively speaking, is not true. During the whole period of the previous administration the RN was consistent and coherent in implementing a policy of agreements from the first to the last day. And, simultaneously, we set out conditions for entering into electoral alliances, both in the election of 1992 as well as in the election of 1993. I hope that in this new stage of greater harmony we may act jointly. We have a certain policy. Of course, we are interested in having a united, opposition policy.

[Hanania] If you find that the results of the policy of agreements followed during the Aylwin administration was so satisfactory, why do you think that the UDI would wish to change it?

[Allamand] Those who think that the opposition behaved badly during the Aylwin government are blind. We increased our parliamentary representation both in the Senate as well as in the Chamber of Deputies. We consolidated our electoral support and increased our vote.

[Hanania] Do the differences which appear today between the RN and the UDI relate to the way the right might handle the power which it obtained in the Senate?

[Allamand] At a time when the center-right has experienced its greatest cohesion and unity over the past five years, it is almost absurd to be concerned about such differences as exist. There are many more points of agreement than in previous periods. Now, each party has its own identity. The UCC has its identity, the UDI has its own, and we have our own.

[Hanania] And is the UCC playing the role of moderator?

[Allamand] Within the coalition no one is playing the role of umpire or moderator. Each party presents its points of view, things are discussed, and so far there has been enough agreement to act together.

[Hanania] Do you believe that the unity which the right has achieved will be really stable?

[Allamand] I think that the worst part of this difficult process is behind us and that today we have a positive stage in front of us. During the previous administration the differences between the RN and the UDI were understandable, to a certain extent, because the agreement which we had regarding what we had to do as an opposition was different. We contributed to reforms which I consider key factors in the present, forward looking situation in which Chile finds itself. These included tax and labor reforms, without which I am sure that the previous government would not have had the prevailing social peace between labor and management. The UDI had a different view. However, today we have a significant, united position.

[Hanania] Speaking of reforms, what progress has been made in the conversations which you have been having with the new government in dealing with pending constitutional reforms?

[Allamand] In terms of constitutional reforms, there is a "critical mass" in support of moving forward quickly to increase the investigatory powers of Congress and to strengthen municipal governments, including the direct election of mayors. There are other matters on which spontaneous agreement has also emerged, such as, for example, the need to deal with the possibility of a vacancy in the office of president. I have proposed that perhaps this is a good time to see if we can reach an agreement which would make it possible to return to synchronizing elections. Today there is major confusion, and we have an intermittent sequence of elections. There are other subjects, such as that of the appointed senators, the impossibility of removing the commanders in chief of the armed forces from office, the matter of the National Security Council, the composition of the Constitutional Tribunal, and the electoral system itself, on which, as of this point, agreements are not in sight.

[Hanania] Do the constitutional reforms also involve the conversations going on with the PS [Socialist Party]?

[Allamand] I have the greatest respect and political regard for Camilo Escalona, and that helps us to carry on a continuing conversation between socialists and members of the RN in analyzing different political, economic, social, and constitutional subjects. It is a positive sign for us to have direct conversations which, furthermore, are appropriate for any mature and healthy democracy. To some extent we have disposed of the idea that the democratic center-right and the democratic left have to go through a kind of customs examination presided over by the DC [Christian Democracy party]. That relates to a past phase of Chilean democracy.

Colombia

Samper Charges Pastrana Refuses To Debate

PA1705134194 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 17 May 94

[Letter from Colombian Liberal Party presidential candidate Ernesto Samper Pizano to Dario Arizmendi, news director of Caracol Network on the cancellation of the scheduled presidential debate; date of letter not given]

[Text] Dear Dario: Last week, Conservative Party presidential candidate Andres Pastrana sent a message to the media in which he tried to schedule a program of debates specifying the topics, participants, and hours of the debates among the presidential and vice presidential candidates. Within this timeframe, a debate was scheduled for tomorrow in Cadena Caracol studios on the topic of farming.

Subsequently, Dr. Pastrana sent a message expressing his refusal to participate in the debate proposed by himself. I deplore the situation created by this inconsistency, which has occurred previously in responses by Dr. Pastrana to other media proposals.

Consequently, I believe that none of the meetings proposed for tomorrow in Caracol studios will be held. This, however, does not preclude their being rescheduled in the future. Please receive a cordial greeting.

[signed] Ernesto Samper Pizano.

Constitutional Court Upholds Drug Ruling

PA1805042694 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1730 GMT 17 May 94

[From the "Midday Television Newscast"]

[Text] The Constitutional Court today upheld the ruling on personal drug consumption. The ruling will not affect the sentences of those who store, produce, manufacture, distribute, or are linked on any other way to drug trafficking activities. Fernando Ramos has the story:

[Begin recording] [Ramos] As for the ruling that authorized possession of drugs for personal use, the Constitutional Court emphasized we cannot think of repression as the only mechanism to solve this problem. In several of the ruling's paragraphs, the Constitutional Court insisted it ruled according to what the Constitution and the laws stipulate.

[Constitutional Court President Jorge Arango] This is nothing uncommon; it complies with the duties of the Constitutional Court. As for the consumption of potentially toxic substances such as alcohol, tobacco, and drugs, we count on education, which is part of the ruling.

[Ramos] The ruling also stipulates that the National Congress will be able to legislate to find measures to control drug consumption.

[Constitutional Court Magistrate Vladimiro Naranjo] Within the Legislative Branch, the National Congress is free to take the initiative in this field. There are no reasons why the Constitutional Court has to set some standards; this is a legislative initiative.

[Ramos] The four dissenting votes were also submitted to the Constitutional Court Secretariat General. The reasons some magistrates voted against the legalization of drugs for personal use are explained in those documents.

[Constitutional Court Magistrate Hernando Herrera] I believe the right to free personality development cannot overstep the rights of society, family, youth, children, and women, because our Constitution stipulates the prevalence of general interest over individual rights. [end recording]

Ecuador

Minister Meets Indians on Oil Exploration

94SM0330B Quito EL COMERCIO in Spanish 18 Mar 94 p D8

[Article by Edwin Fernandez: "Puyo—Focus of Dialogue"]

[Text] Puyo—The dialogue between the government and the leaders of the Indian organizations in the Amazon region concerning the oil activity being pursued in the region has begun in Puyo.

At the first meeting, to which the authorities and representatives of the Indian and peasant organizations were invited on the initiative of Minister of Energy Francisco Acosta, attendance exceeded all expectations.

The meeting was described as "historic." This was the first time in more than two decades of oil operations in the Amazon region that the government has invited representatives of the people who are feeling the impact of this activity to participate in discussions.

The unprecedented number of persons present at this forum included tenant farmers, Quichuas, Achuars, Shuars, and Huaoranis, all speaking the same language and evidencing the national spirit characteristic of all the citizens of Ecuador.

This occasion also gave Minister Acosta an opportunity to explain the scope of the seventh round of bidding for the right to prospect for and exploit oil in this country.

Nine blocks of up to 200,000 hectares in area located in the Provinces of Sucumbios, Napo, Pastaza, and Morona Santiago in the Amazon region are involved in this process.

In the course of the bidding process, norms designed to ensure strict preservation and protection of the ecosystems and biodiversity in the region, as well as the cultural identities of the Indian peoples, have been established.

Acosta assured those present that the government will require the companies to complete environmental rehabilitation or to pay compensation if environmental damage has been done.

Although he did not refer to it directly, the minister dismissed the possibility of a moratorium suggested by several Indian organizations for a period of 15 years before proceeding with the round that has already been announced. "Oil production accounts for 50 percent of the state budget and 46 percent of Ecuador's foreign-exchange income. And so our country is dependent on the extraction of oil.

"As a government official and a minister, I cannot avoid my responsibility to the history of the country by failing to carry forward the oil prospecting needed to find new reserves."

With a view to the drafting of an overall plan for environmental management and subsequent supervision of it, the Ministry of Energy has decided, on the basis of an agreement with various Indian organizations, to establish a Socio-Environmental Monitoring Commission.

It will be enacted into law by means of a ministerial resolution. The commission will be made up of the minister of energy and a representative of the PETRO-ECUADOR [Ecuadorian State Petroleum Enterprise], the prefects in the Amazon region, municipalities, Indian organizations, and ecological groups.

Following the address by Minister Acosta, representatives of the Indians and the peasants, one after another, set forth their positions concerning the hydrocarbon activity.

Despite the differences among the organizations, their representatives agreed that to date, the oil operations have not contributed to the development of the Amazon region.

They reiterated that the settlements located near the oil wells remain without such basic projects and facilities as environmental protection, health infrastructure, electrification, telecommunications, and roadways.

The wealth taken out of the bowels of the earth in the Amazon region has served to finance the execution of projects in the country's large cities exclusively, the indignant representatives pointed out.

They categorically rejected the suggestion that the Monitoring Commission include only a single interlocutor representing the Indian organizations. They suggested that one person be appointed to represent each block.

The minister said that these and other suggestions will be analyzed carefully before a response is provided, which might occur at the next scheduled meeting, in April.

Acosta expressed satisfaction with the results achieved and the information obtained. "The responses show that the people accept the seventh round and the efforts of the government to safeguard the environment in this vulnerable and fragile region."

Indians Threaten Government With Protests

PA1705130694 Quito Voz de los Andes in Spanish 2300 GMT 16 May 94

[From the ""The Voz Andes Newscast"]

[Text] Following an appeal by various Indian, trade union, and student groups to bring the country to a standstill, the government is expecting a restless week of protests by the people—probably with clashes between the demonstrators and the police.

Indian leaders warned Sixto Duran-Ballen that if Congress does not reject a draft agrarian law they consider harmful, they will close highways and isolate the capital. Luis Macas, president of the Confederation of Indian Nationalities of Ecuador, said that if this law is approved, Indians will fall back into the times of slavery. Our land would be taken away from us, and we would be unable to produce, he added.

Macas said that the law jeopardizes the Indians' ability to obtain food in the country, as it extends the landholders' controls over agricultural projects with the sole purpose of producing for export. Another Indian leader explained that the draft law seeks to eliminate the agrarian reform, which would deprive the Indian communities of their land.

Peru

Fujimori Meets Romania's Vacaroiu, Holds News Conference

PY1705214794 Lima Radio Programas del Peru Network in Spanish 1800 GMT 17 May 94

[Text] President Alberto Fujimori held a 45-minute meeting with Romanian Prime Minister Nicolae Vacaroiu in Government House today. After the private protocol meeting, President Fujimori gave a news conference to Romanian reporters. This is part of the news conference. [passage indistinct]

The news conference given by the president to the Romanian reporters referred mainly to two issues: Andean integration and foreign debt. President Fujimori also said the Romanian official's visit will help develop electric energy in Peru. He added that Romania has long experience in electrical power, especially hydroelectric and thermoelecric plants. Fujimori said that in the last five years important steps have been taken for Andean integration, although he noted there are still barriers that can be overcome united. This is part of the news conference given by President Fujimori to the Romanian reporters who are part of the delegation headed by Romanian Prime Minister Nicolae Vacaroiu.

State of Emergency Extended in Lima, Callao

PY1705214594 Lima Radio Programas del Peru Network in Spanish 1800 GMT 17 May 94

[Text] Lima Department and Callao Province will remain in a state of emergency until 17 June, according to a decree published in EL PERUANO.

Therefore, houses may be searched without a warrant; and restrictions are imposed on the people's right to move from one place to another, to assemble peacefully, and not to be arrested except when an arrest warrant has been issued by a court or by police order in case of flagrante delicto.

Police will guarantee public order while the state of exception is in force based on current legal regulations, says the decree published in the official gazette.

Parties, Groups Qualified for 1995 Elections

PY1805030694 Lima EXPRESO in Spanish 7 May 94 p A4

[Text] A total of 23 political parties have been legally qualified to participate in the 1995 general elections in accordance with what is established in Article No. 8 of Law No. 26303, which was published on 5 May.

Article No. 8 establishes that the political parties and independent groups qualified to participate in the November 1992 CCD [Democratic Constituent Congress] remain qualified to participate in the 1995 general elections.

This article is based on Resolution No. 004-92-JNE [National Electoral Board] issued on 6 July 1992. This resolution contained the necessary conditions to qualify the political groups for the CCD elections.

The resolution qualified the following political parties and groups for the elections:

Popular Action Party, Popular Christian Party, Liberty Movement Party, Solidarity and Democracy Party, American Popular Revolutionary Alliance, Change 90 Party, Peruvian Communist Party, Unified Mariateguista Party, Union of the Revolutionary Left, Student-Peasant-Worker Popular Front, and Peruvian Popular Agrarian Front.

The following parties are also qualified: Communist Revolutionary Party, Socialist Revolutionary Party, Socialist Convergence, Christian Democratic Party, Non-Party Socialist Movement, Hayaista Movement, National Odrista Union Party, National Workers and Peasants Front, Independent Social Movement, Democratic Union Party, Independent Civic Union, and National Unity Democratic Front.

Coca Dealers Reportedly Paid $200 Million to Shining Path Leader

PY1805025694 Lima EXPRESO in Spanish 6 May 94 p A6

[Article by Carlos Aponte, a correspondent in Tingo Maria]

[Text] Interior Ministry intelligence analysts estimated the fortune amassed by Oscar Alberto Ramirez, aka "President Feliciano," at $200 million through kickbacks paid by gangs of drug traffickers operating in the area known as the coca belt region, which is located along the jungle.

According to these analysts, who are conducting an investigation in the region, Ramirez started to collect this money—which accounts for one-third of the total flow moved through the marketing of cocaine paste in the region under Shining Path [SL] control; that is, $600 million—a few months before the arrest of Abimael Guzman.

Ramirez managed to do this despite the fact that the SL has lost control of major drug centers such as Crespo, Castillo, Pueblo Nuevo, Pacayacu, Loro, and recently—as a result of Operation "Aries"—Mohena, Moyuna, Venenillo, Mongon, and Ancayacu, among others.

By contrast, cassava, rice, corn, and other legal crops have yielded only $30 million.

Through disclosures made by repentant drug traffickers at the 303d Battalion on the Huallaga Front, it has been learned that "Feliciano," "El Manco," and other SL leaders who deal with the drug traffickers have permanent ground-air contact through powerful receivers, portable transmitters, and using coded messages.

Huallaga Front strategists believe Operation "Aries" prompted the suspension of flights by Colombian planes in the Leoncio Prado (Huanuco) and Padre Abad (Ucayali) areas.

Despite the information obtained by counterintelligence agents from repented former SL leaders and peasants forced to work for the SL for some time, there is no firm clue as to the place where the fortune Ramirez amassed by exacting kickbacks from drug traffickers is hidden.

There is evidence, however, that drug traffickers and SL members circulate large amounts of dollars through local branches of banks and financial companies. The fact is that not all the proceeds from drug sales are "laundered" in Lima by individual money exchangers or through investments in legally constituted companies.

There are several financial companies competing for narcodollars along the coca belt region. According to intelligence sources, no one should be surprised if "Feliciano" made large deposits through a front, if he is keeping a major portion of the money, or he distributed it through his closest aides and henchmen.

The truth is that the money is concentrated in few hands because those terrorists who are clashing with security forces—the ones called the "rank-and-file"—are poorly fed, dressed in rags, and suffering from contagious diseases such as scabies, tuberculosis, and cholera.

Some repented SL leaders who were recently captured admitted that most of those now following "El Manco" have absolutely no morale, that they are following him out of fear for their families who have been kidnapped by the SL, which has threatened to murder them.

It has been reported that drug shipments have been suspended after the dismantling of the so-called "Red Sea" battalion and as a result of the capture and/or surrender of many subversives and the action of antisubversive forces at the Ucayali Navy base.

Based on information obtained in the region, it has been ascertained that each shipment consisted of 300 or 500 kg of basic cocaine paste, depending on whether the carrier was a single-engine or twin-engine plane, respectively.

DEA [Drug Enforcement Administration] agents said that basic cocaine paste produced in the coca belt is transported to large refinery laboratories located in the Amazon Trapeze jungle (an area located between Brazil, Colombia, and Peru) where, after being processed into cocaine hydrochloride, it is shipped to the United States and Europe.

Army Captures Colombian Airplane, Cocaine

PY1805030494 Lima Global de Television Network in Spanish 0130 GMT 18 May 94

[Text] An Army patrol captured a light Colombian airplane after a clash with its crew members. The airplane crashed in the crew's effort to escape.

According to a Huallaga Front Political Command communique, the clash occurred at an illegal airfield in the San Pablo district, San Martin Department. The airplane crew members escaped but the patrol found 124 kg of cocaine base inside the airplane.

Uruguay

Aguirre Delivers Constitutional Reform Project

PY1705140894 Montevideo EL PAIS in Spanish 12 May 94 p 8

[Text] More than 60 lawmakers have signed an abridged constitutional reform project that Congress President Gonzalo Aguirre yesterday handed over to the Electoral Court for ratification by voters in the national elections scheduled for 27 November.

Yesterday afternoon Aguirre summoned journalists to report on the project, during a ceremony that was attended—among others—by dissidents of the Party for the Government by the People, Hector Lescano, and the Herreraists who support Alberto Volonte's candidacy.

The project was submitted under the terms of a paragraph of Article 331 of the Constitution.

Aguirre said: "This is the crowning point in a long constitutional reform process in which many political sectors have engaged. We want to implement this reform, which will begin a process through which the country will reach true electoral freedom."

Aguirre added that the idea is that the process should not be finalized with this partial-scope referendum, but "next year, without electoral constraints, we should work in Congress to complete this process and achieve fuller electoral freedom."

He emphasized "the perseverance of sectors that advocate the reform" and the "ethical attitude" toward the subject.

"This ceremony marks the beginning of a period that extends up to the elections, during which we will promote this project, showing to citizens that they will be the beneficiaries of the reform because of the freedom they will enjoy," Aguirre said.

The following are some of the main innovations of the project:

—Departmental Boards may modify budget bills only to increase revenues or reduce spending, and may not create jobs on their own initiative or approve any project that will generate a deficit.

—Alternate members may not automatically join Departmental Boards.

—Departmental Board members (councilmen) will earn a monthly salary that will be established by the board before they are elected. This also applies to the mayor. The salary may not be modified during the five-year tenure. Members may not receive other benefits (like gasoline vouchers, etc.).

—Departmental Boards will have a new structure, with 31 members in Montevideo, 25 in Canelones, and 21 in the other departments.

—The amendment of Article 77 of the Constitution allows citizens to make a so-called "crossed vote," that is, voting for one party ticket at the national level (president and vice president of the Republic, Senate, and Chamber of Deputies) and for another ticket at a department level (mayor and departmental board members). This means that citizens may vote—for example—for a National Party candidate for president and for a Colorado Party candidate for mayor.

Aguirre Delivers Speech on Economic Issues

PY1705201194 Montevideo EL PAIS in Spanish 12 May 94 p 10

[Unattributed report on a speech by Vice President Gonzalo Aguirre to the Uruguayan Chamber of Industries' Directors Council following his announcement that he will be a presidential candidate in the 1994 election; place and date not given]

[Excerpts] Vice President Gonzalo Aguirre was received yesterday by the Uruguayan Chamber of Industries' Directors Council. He made a long speech on the current conditions affecting the manufacturing industry and on the basic measures the next government must implement to shore up industrial activities.

He began by saying that he generally believes in the government's economic policies, including the opening of the economy, Uruguayan participation in the regional integration project, and the struggle against the fiscal deficit and inflation. [passage omitted]

Aguirre said this concept could be applied to industrial policies and industries in general because when you seek prosperity and competitiveness it is not merely to protect industrialists; it is to ensure the contribution of industry to society and its capacity to create genuine jobs and general well-being. [passage omitted]

Aguirre talked about the role of the state in society. He said: "The state should not suffocate private companies with regulations, bureaucratic requirements, state competition, and inefficient monopolies. The private sector is the power behind economic development."

He added: "The state should not, however, become a spectator—leaving each individual free to do as he pleases—or abandon individuals—even if their efforts are not in the interests of society as a whole."

Aguirre said: "The state must decide on priorities, establish controls, orient, stimulate, and simultaneously discourage certain activities through credits, tax exemptions, or foreign exchange rates. These are just a few of the ways the state can guide economic activities."

He dismissed the idea that Uruguayans are pessimistic, reluctant to change habits and mental dispositions, or that the small size of the country hinders growth.

Talking about the concerns of industry, "government officials, and those of us who wish to govern the country for the next five years," Gonzalo Aguirre said that the so-called "unreal foreign exchange rate" and the loss of competitiveness it causes despite the undeniable industrial increase in productivity "are real factors." He added, however, that the situation did not follow a deliberate government policy. On the contrary, "had the Central Bank not intervened, the difference would be much greater," Aguirre said. [passage omitted]

Aguirre said Central Bank policies on foreign exchange have been contradictory because of the general decisions implemented by this government. "If the market determines prices, the value of the dollar—which is just one type of merchandise—should be freely determined by the market. We should not intervene, creating an artificial demand," said Aguirre referring to the Central Bank purchase of dollars when the exchange rate falls due to a lack of demand.

Aguirre said the solution is not to implement an abrupt devaluation "on which there is general consensus, except for some groups." Devaluation would temporarily bring the exchange rate to more realistic levels but it would also affect the prices of all products, Aguirre added.

Aguirre said: "The solution is not simple, but I would support a proposal to let the dollar float freely. There would be little risk that the foreign exchange rate will fall drastically, given our market conditions. Besides, inflation will also drop when the Central Bank stops issuing money to intervene in the market (through monetary contention)."

The vice president admitted that to be competitive we must reduce inefficiencies in industry as well as in the state, and possibly seek a compromise between devaluation and inflation.

Aguirre then talked about the need to reform the state. He said the problem is not just the size of the state. The real problem centers on operating costs, public spending structures, and the fiscal pressure to finance an oversized state. He said the state influences costs when it determines public utility rates, the price of gasoline, interest rates through the Bank of the Republic, bus fares, insurance rates, taxes, and social security contributions.

He said the government has been implementing measures to reduce the size of the state as of 1990. In some ways it has succeeded and in some ways it has not, partly due to resistance to change by politicians and the population.

Aguirre said that despite some progress, the state as a whole continues to be inefficient and the cost of this inefficiency is transferred to local consumers and foreign consumers in the case of products we export.

Among the reforms, Aguirre mentioned the social security system, which must be reformed without altering acquired rights. He said that workers compensations (family subsidies, health insurance, unemployment insurance, etc.) must be corrected because they do not have genuine financing, as should the funds that operate in the red—particularly rural funds. These items are a burden on the Industry and Commerce Fund (which operates in the black) because they prevent it from lowering costs. [passage omitted]

Aguirre said other factors harming industries are the compensatory mechanisms, which do not exist or are insufficient to face direct or indirect protectionist policies.

Aguirre said: "Tariff reductions implemented within the framework of the Asuncion Treaty [which created the Common Market of the South, Mercosur], or practiced in general in a gradual manner, are not bad and the productive apparatus has accepted them. What is unreasonable is to implement them under unfair or unequal conditions without full reciprocity inside and outside Mercosur."

The vice president said Uruguay must adopt compensatory mechanisms when Argentina and Brazil adopt protectionist measures against Uruguayan exports through their statistic rates or other mechanisms. He added that this does not mean we will abandon the policy of economic opening. They will be implemented only to prevent suffering undue and unnecessary damage.

Aguirre closed his speech by citing some items of what could be a considered a tentative Program of Industrial Policy as of 1995.

Objective:

A. To create the minimum conditions for industries to compete in the international market.

B. To maintain policies to cover the entire field, seeking competitiveness among our industries without neglecting official support to specific groups.

C. To increase worker training in new technologies.

D. To reform the state.

E. To reform the Social Security System, the tax system, and interest rates, and to eliminate state monopolies.

F. To introduce flexibility into the labor market.

G. To continue the program of economic opening and regional integration on the basis of reciprocity and compensatory mechanisms for specific situations.

Spanish Courts Request Questioning of Detained Basques

PY1605154794 Montevideo EL OBSERVADOR ECONOMICO in Spanish 10 May 94 p 1

[Text] The Spanish courts yesterday sent to the Uruguayan courts a rogatory letter so that the detained Basques might be interrogated on incidents linked to the cases that prompted their extradition petitions.

The Spanish courts' petition has prompted a new controversy at the judicial branch level, as the interrogatories must include all Basque citizens who are allegedly ETA [Basque Homeland and Liberty] members, whether or not their extradition has been approved.

One of the cases included in the petition was approved, and this elicited a reaction from the defense attorneys of those involved.

Attorney Gustavo Puig has filed remedies of appeal and appeals for annulment. The legal issue now will therefore have to be resolved by the Court of Criminal Appeals.

Article Examines Armed Forces' Reorganization

PY1705150594 Montevideo LA MANANA in Spanish 12 May 94 p 6

[All quotation marks as published]

[Text] Armed Forces commanders are fully committed to the complex issue of institutional reorganization as decided by the executive branch. There are many opinions regarding the possibility of implementing it within a short period of time, due to the lack of enough resources for the necessary purchases of modern equipment. The highest ranking military officers are also concerned about the reorganization's social and geopolitical aspects, which means that today you cannot depend on a single strategic line, or maintain a strict subordination to certain world hegemonic powers which are always changing.

Commanders are also studying the diverse effects of the deep political changes in the world with the disappearance of the Soviet Union and communism. Many people do not hesitate to affirm that these changes have deeply affected our Armed Forces. We no longer have the "cold war" or the "East-West axis" and have again begun to speak about the importance of the "North-South axis," "which seeks to maintain countries such as Uruguay in strict dependency of the North." High-ranking military sources told LA MANANA that the affair raises questions not only about the future equipping of our Armed Forces, but also about its "acting philosophy and its professional morale and ethics," the sources said.

Confirming their well-known resistance "to be merely used as border forces," the spokesman ratified that "we will never, no matter the order, replace the police. Before we are required to intervene in internal problems, we need an appropriate law protecting soldiers following orders, officers giving those orders, citizens who should be protected from probable abuse, and "the institutions."

The Cost of the Reform

Confirming the real Armed Forces vision on the need to modernize the institution and on the concrete economic reality of the country, the sources said: "We are well aware of our real needs. If we ask for a brigade with significant firing power, adequate deployment speed, safe communications, and modern equipment, we know we will need millions of dollars. But we are also aware of the real situation of the country, and of the social and political priorities. What, then, should we do?

That question seems to be at the center of the delay in producing the report that President Luis Alberto Lacalle had requested within the next 90 days.

The sources do not hesitate to say that the report will be presented in time, and in the correct form, "because we will fulfill the order." There is no doubt, however, that the country's and the Armed Forces' reality will require "another time and a different focus" to be able to also answer to the deep changes in regional, continental, and world political geography.

The Reorganization

The internal Armed Forces reorganization has begun principally in the Army. Many services have been "grouped under a single command," while many other offices have not been touched. In some cases they even returned to their former department heads.

The Air Force has very few planes still operating, but it will be receiving various kinds of planes, including two Hercules transport planes that will be donated by the United States.

Our ground forces have the greatest problem. This is the branch with the largest number of personnel who "will not be separated from the institution. They will be redistributed within the Defense Ministry. Reliable sources said that the institution is studying new incentives for the voluntary retirement program. The situation is being analyzed carefully because it might affect the financial situation of the Military Retirement and Pensions Fund, the organization that will be responsible for paying pensions to those who retire.

According to government sources, the president wants the Armed Forces reorganization ready for August in order to implement the mechanisms approved by the high-ranking military commanders during October at the latest.

Venezuela

Riots Renewed; Army Ready for 'Militarization'

PA1605190294 Paris AFP in Spanish 1737 GMT 16 May 94

[Text] Caracas, 16 May (AFP)—The Police Operations Command has informed AFP that students from a vocational school in downtown Caracas today looted a grocery truck. Also, police in a nearby area arrested two troublemakers, seizing from them an Army pistol and another .38-caliber weapon.

Meanwhile, in the Montalban area in northwestern Caracas and on Baralt Avenue in downtown Caracas, students staged two other marches on Monday morning but they did not degenerate into riots.

At Candelaria Square in downtown Caracas, about midday today residents blocked traffic to protest the shortage of water, another ill affecting residents of Caracas due to the protracted drought that began late last year.

Over the past two weeks, violent student demonstrations have been staged in Caracas and 10 other Venezuelan cities. These demonstrations have resulted in the death of one student amid renewed rumors of a coup d'etat and the bolivar's drastic decline on the parallel market, where it is now selling for 153 units per dollar.

Foreseeing an intensification of the disturbances, Defense Minister General Rafael Montero Revette said the Army is prepared to implement the "Avila" and "Sovereignty" plans which would require the militarization of Caracas and the entire country.

Police Sources Confirm New Student Protests

PA1805041294 Mexico City NOTIMEX in Spanish 2316 GMT 17 May 94

[Text] Caracas, 17 May (NOTIMEX)—New student demonstrations and some incidents were reported today in Caracas and three cities in the interior of the country protesting an increase in public transportation fares, according to police sources.

Metropolitan Police Chief Jose Hernandez said that the Interior Ministry and student federations agreed at a meeting that demonstrations must be peaceful. Despite verbal agreements between students and the government, the conflict has not been resolved, as the authorities have been unable to force bus owners to charge students preferential fares, and therefore protests are expected to continue.

Students are demanding that private bus owners comply with the law establishing that students—more than 2 million throughout the country—only have to pay half of the regular fares.

High school students who took to the streets to hurl stones and bottles to disrupt traffic near a housing complex in the "23 January" neighborhood were convinced by police to break up the demonstration. After talking to a group of students who were protesting at a school in the "Gran Colombia" education center, the metropolitan police managed to discourage them from continuing their protests. Students from two schools located at the Fuerzas Armadas Street in downtown Caracas tried to hold up a truck transporting mineral water, but National Guard members who are discreetly patrolling the streets prevented them from setting the vehicle on fire. The police also prevented students from holding up a truck transporting paint, which was intercepted by the demonstrators.

Today authorities arrested 20 students in the city of Los Teques in western Venezuela. On 16 May there were incidents between riot police and demonstrators in three cities in the interior of the country, during which one vehicle was set on fire.

Meanwhile, teachers in Caracas marched peacefully through the main streets downtown demanding payment of wage increases granted in January which have not been honored by the government of President Rafael Caldera.

In addition, hundreds of journalists demonstrated in front of Congress defending their association rights and demanding the prompt approval by Congress of amendments to the journalism law. At the demonstration called by the National Association of Journalists (CNP) the participants protested a campaign promoted by the Press Association (which groups the media owners) against the journalism law.

Ministers, Students Unable To Resolve Conflict

PA1705173194 Caracas Union Radio Network in Spanish 1100 GMT 17 May 94

[Report by Darwin Romero Montiel from the "Union Radio News" newscast]

[Text] Confirmation of the subsidized student bus fare is the condition students are demanding to halt disturbances. A meeting was held behind closed doors at the Interior Ministry between representatives of the government and secondary and higher education students. Reporters had to wait outside the Ministry to learn the results of this meeting. The interior, education, and transport and communications ministers, and the Federal District governor were questioned by the secondary and higher education students regarding the violence in recent days in Caracas and the rest of the country. The first to leave the meeting was a secondary school student from the Fermin Toro secondary school who expressed his discontent. He indicated that no definite solution was found at the meeting.

[Begin unidentified student recording] They defended themselves [words indistinct] that President Caldera would come out to say that it was a lie, that the [word indistinct] did not agree with that document. This is just political chicanery. [end recording]

The first questions Interior Minister Ramon Escovar Salom had to answer concerned the remarks by the prosecutor general who justified the use of firearms by police during student demonstrations.

[Begin Escovar Salom recording] They have regulation weapons and their use is regulated. Therefore, I do not know in what sense the prosecutor general expressed his opinion, but I imagine that it is legally well-grounded. [end recording]

No concrete solution to the recent student problems came out of the meeting. In any case, the students reiterated that the violence will not stop until the transport and communications minister publicly states that the student fare, which is scheduled to be eliminated on 31 July, will continue to be valid.

Caracas Mayor Says Transportation Strike Off

PA1705160894 Caracas Union Radio Network in Spanish 2200 GMT 16 May 94

[Report by Maria Lilibeth Dacorte from the "Union Radio News" newscast]

[Text] According to Caracas Mayor Aristobulo Isturiz, the transportation strike set for Wednesday, 18 May, was called off because of meetings the Single Union of Independent Vehicles has held with the neighborhood committees to reach an agreement on an increase in the minimum fare.

[Begin Isturiz recording] Whenever fares are discussed, a strike is always announced as a pressure tactic. On Thursday, I met with this union, and I think the strike was suspended. The union accepted a timetable to hold bilateral discussions between the bus companies and the neighborhood associations and the community boards, but not between the bus companies and the neighborhood assemblies. [sentence as heard] An agreement has been reached with some bus companies, while the discussions continue with the others. [end recording]

Isturiz added that the increase in the minimal fare will be based on the service the bus line companies provide, the conditions of each bus, and the routes covered. For that reason, the minimual bus fare will range from 12 bolivares to 15 bolivares.

Military, Government Review Antidrug Struggle

PA1605015694 Caracas EL NACIONAL in Spanish 11 May 94 p D1

[Report by Jesus Eduardo Brando]

[Text] The militarization of the struggle against drugs as a priority of the Venezuelan state will be proposed to President Rafael Caldera, who will receive an analysis of the country's problem and an action plan to fight it. The plan was studied yesterday during a joint meeting between civilian and military organizations.

The secret conference at the Palacio Blanco was presided over by Division General Alberto Emerich Esqueda Torres (Army) and Brigadier General Jesus Antonio Rojas Salazar (National Guard), executive secretary and assistant secretary of the National Security and Defense Council (Seconasede), respectively; representatives of the Defense Ministry and National Border Council; and chiefs of narcotics in the Army, Navy, Air Force, and National Guard.

Doctor Vladimir Gessen, former chairman of the Chamber of Deputies Drug Commission and chairman of the Foundation for a Drug-Free Venezuela, was invited to address the closed meeting.

THE CONTINENT'S PROBLEM

In its initial analysis of the problem, Gessen's lecture referred to the basic factors of regional and continental security, including the production and processing in Peru, Bolivia, and Colombia of 1,170 tons of cocaine whose final destination is the U.S. consumer market.

According to international organizations' figures, the production of this volume of drugs in those countries costs $5,000 per kilo, which represents an investment of $5.85 billion. The average price on the U.S. wholesale market increases to $25,000 per kilo, which represents an approximate income of $29.835 billion. International drug trafficking organizations' profit margins fluctuate around these suggested amounts.

Moreover, the overall volume per year, approximately 1,170 tons, has another angle of benefits for the cartels. When the drug is "cut," through mixtures that reduce its level of purity, the volume increases to 1,649,700 kg.

Calculations of the illegal activity indicate the retail sale of that amount for an average price of $98 per gram yields traffickers an income of approximately $161,670,600 per year. Meanwhile, other drugs yield them an income of approximately $90,113,212 per year. In other words, the U.S. market yields $251,783,812 per year. The volume sent to the United States represents 75 percent of the Peru, Bolivia, and Colombia cartels' annual production; and the remaining 25 percent is sent to the European markets.

VENEZUELA'S SITUATION

In Venezuela's case, it is estimated that 200 tons of drugs are brought to the country every year. Based on production costs, this represents approximately $1 billion. But once the drug reaches the U.S. market, the amount increases to $5.1 billion.

The following give an idea of the importance of shipments that pass through the national territory: 1) A shipment of concrete poles was seized at the United States (Miami) in December 1991. The poles contained 15,700 kg of cocaine with a net cost of $78.5 million, approximately 10,754,500,000 bolivares (at the exchange rate quoted during the last quarter of 1993). An additional 2,700 kg of drugs, with an approximate value of $13.5 million (1,849,500,000 bolivares) and hidden inside some aluminum ingots, were seized in New Jersey in December that same year.

Another shipment of aluminum poles was intercepted at Holland in February 1994. The structures contained 3,000 kg of cocaine valued at approximately $15 million (2.055 billion bolivares). The confiscation of other contraband in England was reported in April. The drug was hidden inside crude oil drums and had an approximate value of $375 million (51.375 billion bolivares).

Reports received this month indicate a drug laboratory dismantled in Cucuta, on the Venezuelan border, maintained average production of 400 kg of cocaine per week, meaning 20,800 kg per year, at an average value of $104 million.

A STATE PRIORITY

These issues were reportedly reviewed during the meeting attended by the state's high-ranking drug and security officials, who believe the problem should be handled as such. Regarding this issue, they discussed the possibility and advisability of assigning an Army division general as chairman of the National Commission Against Illegal Drug Use (Conacuid). This would clearly indicate the importance and essence of the problem for the country, and it would be an unequivocal sign to internal factors, foreign governments, and international organizations of the determination to face the problem as a threat to the Venezuelan state.

It was learned that the topics analyzed and proposals submitted on objectives, goals, and specific actions to be carried out at different periods would be briefed to the president of the republic yesterday afternoon, in a special report by Ministers Rafael Angel Montero Revette (defense) and Pompeyo Marquez (borders).

Escovar Decries Existence of a 'Rumor Mill'

PA1705153394 Caracas Union Radio Network in Spanish 2200 GMT 16 May 94

[Report by Vicente Briceno from the "Union Radio News" newscast]

[Text] Interior Minister Ramon Escovar Salom has described the rumor mill as a criminal tactic to undermine the country's prestige abroad and the calm of citizens. He noted that the rumor mill has been active these past few days, and that even the health of President Rafael Caldera has been questioned.

Escovar Salom gave no information on the inquiry conducted on a destabilization plan that includes this chain of rumors but termed them sources of unrest that seek to crumble the public's support for the Caldera government. He insisted this thing about the bogeyman is no cliche, but rather a conspiracy that involves a manipulation of the public and in no way is related to social unhappiness or protests over the water shortage.

[Begin Escovar Salom recording] Some people have made the absurd assertion that I want to explain the social crisis by blaming the bogeyman. I never said that. You are the first to know that is not so. You clearly heard what I said. The social crisis, which the government acknowledges, the economic crisis, and severe difficulties the country is experiencing is one matter. The manipulation and tactics by some sectors that have an interest in heightening the crisis and seeking other goals is another matter. That is what these sectors are trying to do. The events that took place over the weekend are clear proof that my remarks were serious and justified. I mean the rumor campaign. This rumor mill is criminal. I mean all these announcements of the future of the bolivar, devaluation, and alleged financial and fiscal measures the government is purportedly going to take. [end recording]

Commenting on the resignation of some members of the cabinet, Escovar Salom said any decision on the matter falls solely within the purview of President Caldera. On another matter, the Interior Minister commented on the border dispute between Merida and Zulia States. He noted this problem must be handled with utmost caution and prudence.

MAS Internal Conflicts Analyzed

Convention To Discuss Issues

94SM0339A Caracas EL NACIONAL in Spanish 8 Apr 94 p D10

[Article by Freddy Torres]

[Text] The debate begun in MAS as it prepares for the party's national convention scheduled for 5 June is one big question mark.

Why did the number of votes won by MAS in the 1993 elections drop from 86,000 to 38,000 in Caracas and from 59,000 to 22,000 in Miranda? Why did the party lose nearly 200,000 votes between 1988 and 1993? Why did voters who cast their ballots for MAS in 1988 fail to do so this time? Party leader Hector Perez Marcano is asking himself these very questions.

The debate will focus on alleged internal corruption, bureaucracy, and the organization's pragmatism, according to Moises Moleiro.

The Socialist leader claims that the ambiguity of the Movement Toward Socialism's positions makes it impossible to distinguish between MAS, Democratic Action (AD), and Copei [Social Christian Party].

Moleiro says MAS's lack of political clarity was demonstrated on 4 February 1992, when the orange party yielded to the position taken by Social Democratic and Social Christian leaders defending the discredited government of Carlos Andres Perez.

In contrast, Rafael Caldera detected the causes of the military uprising and stated that one could not ask the people to come out in defense of a democracy that is starving the people.

Moleiro recalled that following the riot on 4 February, a committee was set up to review the position taken by MAS on such a crucial chapter of history. The Socialist leader expressed his discomfort because that committee pigeonholed the conclusions of the work and thus rejected the debate that the majority of MAS members were anxiously awaiting.

Moleiro, who ran for the presidency of MAS in past elections and who now seems inclined to back Victor Hugo D'Paola's candidacy for the office of secretary general of the party, thus touches upon a sore point.

He says it is a matter of pure politicking or alliances of convenience between MAS leaders and the representatives of certain economic groups. Without sparing criticisms, he has aimed his fire at Aragua Governor Carlos Tablante, whom he accuses of accepting financial backing from an economic group tainted by scandal.

He condemned the fact that in Aragua, the MAS ticket of deputies was headed by Manuel Capriles, brother of Manases Capriles, accused of the murder of Lorena Marquez.

He also criticized the fact that Capriles headed the list of deputies from Aragua even though the Office of Comptroller General had issued a report condemning his administration as government secretary.

The observations defended by Moleiro, Rafael Thielem, Jorge Valero, and Hector Perez Marcano include one concerning the alleged rigging of the last internal election.

Moleiro says, in connection with "the selection of candidates for deputy from the state of Miranda in May of 1990, in Barlovento alone, the winners gathered more votes than those obtained by MAS in the 1993 national elections."

To the charge of election rigging, Perez Marcano adds that of improper leadership of the political organization.

Moleiro cites this factor as the reason why the party increased its membership by a scant .5 percent in five years.

"If things continue in this fashion, it will take MAS 10 more years to grow by one point," the Socialist leader figures. "If everything remains the same, MAS will have to wait a century to increase its votes by 10 percent," he warns.

The election stagnation experienced by MAS probably stems from the fact that the party's national leadership has not understood the changes that have occurred in Venezuela in recent years, Perez Marcano points out.

"This explains why a party such as Cause R, which was tiny in January 1992, has leapfrogged over MAS, relegating us to fifth place," Moleiro reflects.

"The reason why MAS lost its way seems to be its pragmatism and the lack of clarity of the leadership headed by Freddy Munoz, Moleiro claims.

In Perez Marcano's opinion, the ambiguity of MAS policies has prevented the organization from capturing voters abandoning AD and Copei.

Reformers within MAS say that what is needed is a return to the times when the party was essentially a critic and questioner.

This position has gained strength considering that MAS has come to be a government party and that, if it is not careful, it will become paralyzed, no longer a factor in social struggles.

This possible danger is a risk that MAS can ill afford because it is a party that proclaims itself to be an alternative force for change, some members of MAS believe.

"Without an in-depth debate that faces problems squarely and includes all members, the effects may be irreparable," Moleiro warns.

Manuel Isidro Molina, candidate for the office of secretary general of MAS in Caracas, says the party should not shrink from debate and that it would be impardonable if such issues were to be discussed in secret meetings.

"Venezuelan society does not deserve to have political parties debate the issues behind closed doors, particularly when the other side is proclaiming that the aberrations and distortions of Venezuelan democracy must be debated democratically."

Teodoro Petkoff refuses to debate the crisis in MAS, arguing that these are internal matters that should be discussed privately.

Argelia Laya, president of the party, has also condemned the position of those promoting a public discussion of MAS's internal affairs.

Speaking from the critical faction, Rafael Thielem blames MAS Secretary General Freddy Munoz for the election stagnation suffered by that political organization.

Munoz, who cannot be elected secretary general for more than two terms because the statutes do not permit it, hopes to ascend to the presidency in order to conceal his errors and back a man he trusts for the office, his adversaries say.

Secretary General on Mistakes

94SM0339B Caracas EL NACIONAL in Spanish 8 Apr 94 p D10

[Text] MAS Secretary General Freddy Munoz admits that his political organization has made mistakes and believes this was one factor preventing the party from winning the majority backing of Venezuelans dissatisfied with the policies of the most recent administrations.

Nevertheless, Munoz expresses faith in the possibility of a profound change in MAS that will restore the party to its leading role in society. Despite his recognition that MAS did not win most of the votes cast by persons disillusioned with Democratic Action and Copei, he says it is absurd to claim that the party suffered a defeat in the elections held on 5 December 1993.

"The most relevant result of the most recent elections was the victory of Rafael Caldera, and our party made a significant contribution to that success," Munoz argues.

Nevertheless, he admits that the victory did not have any substantial carryover in terms of MAS's election results.

Examining the reasons why progress of the Movement Toward Socialism was "modest," he concludes that this force "was not perceived as a distinct alternative to AD and Copei."

Munoz generally attributes this fact to errors in the adoption of certain lines. He cites the case of 4 February 1992, when Socialist leaders "failed to tell the truth expressed by Caldera concerning the following points: the circumstances under which the coup occurred and the impact which Carlos Andres Perez's disastrous government had on all of this."

Munoz believes that the line taken by MAS may possibly be explained by distortions occurring in the party in recent years.

"These deviations were the result of influence exerted on our organization by certain ideas, values, and habits that are characteristic of the dominant political forces," Munoz says.

He concludes that the eradication of such distortions is essential if the Movement Toward Socialism is to take its rightful place as a political alternative in Venezuela.

All in all, he believes that a number of MAS leaders exaggerate when they claim that the party's flaws are its main feature or its common denominator.

"I naturally bear unavoidable responsibility for mistakes made by the leadership over the past eight years," he says, "but what about the undeniable progress which MAS has made during my term as secretary general?"

Munoz suggests launching a debate concerning the transformation of the party. "The overall record is positive, but it is not sufficient to meet the great challenges that we face."

Munoz appealed for reform of the organization. Emphasizing "major limitations that have created a need for profound change," he recommends reviewing MAS's relationship to society and its capacity to make changes in its thought and internal life.

With respect to the Movement Toward Socialism's position on the government of President Rafael Caldera, he stresses that it should be guided by the principles of solidarity and autonomy. "This means loyalty to commitments shared and making the people's interests the top priority."

Leadership Contest Outlined

94SM0339C Caracas EL NACIONAL in Spanish 8 Apr 94 p D10

[Article by Freddy Torres]

[Text] Victor Hugo D'Paola, who lost his bid for the post of secretary general in the most recent party elections, is making another run.

D'Paola is from the group of the old Hawks led by Freddy Munoz and Teodoro Petkoff. He is now seeking the support of MAS members from the central states and of Vicente Bello, secretary general of MAS in Caracas. Another important figure in the orange ranks who has thrown support to him is Luis Manuel Esculpi.

Although D'Paola favors horizontal leadership and detests bossism, he is defined as a centralist.

Some of those questioned do not rule out the possibility that in the course of the campaign, D'Paola could gain the support of the party's four harshest critics: Moises Moleiro, Hector Perez Marcano, Jorge Valero, and Rafael Thielem.

Another candidate for the post of secretary general of MAS is Simon Garcia, who is proposing a change in party leadership and calling for a new discussion of the objectives originally outlined by this political force.

He supports changing MAS's name and seeks far-ranging change within the organization.

He is rallying the support of small regional factions that refuse to submit to directives from the national leadership.

He was very close to Freddy Munoz at the last National Convention, but seems to have drifted away from his chief.

A low-profile leader, Garcia has the support of Segundo Melendez, leader of the Socialist bench in Congress. He is also backed by MAS leaders from Lara and Zulia.

Another name on the list of candidates is that of Jorge Valero, who proposes a return to a leftist, revolutionary line. He joins critics of the political conduct of Carlos Tablante.

Valeiro enjoys the support of Socialist leaders in the interior and, it is said, of Moises Moleiro and Hector Perez Marcano.

One emergency option for resolving the crisis has emerged and gained the support of prominent MAS intellectuals: the candidacy of Enrique Ochoa Antich for the office of secretary general of MAS. Ochoa Antich has moral support because of his record as a human rights activist.

In the meantime, 6,500 MAS delegates waiting to attend the June convention are confident that they will set the course of a movement born when it split off from the Communist Party of Venezuela and proclaimed to change Venezuela without changing itself.

The MAS National Convention will elect party presidents, vice presidents and secretaries general at the national, regional, municipal, and parish levels.

It will also choose the delegates that will select the rest of the party officials for all other organs.

The last MAS convention counted nearly 250,000 members joined by the hope that the debate initiated will pull the organization out of its apathy.

Moleiro has already issued a warning: "Without an in-depth discussion, MAS will become a party without importance, a kind of orange URD [Democratic Republican Union]."

Carlos Tablante, governor of Aragua and a candidate for the presidency of MAS, has entered the race preaching for regionalism, a formula he believes can guarantee more democracy in the party.

"No longer is it only in Venezuela that figures in national politics are the target of discussion," he says, a reference to the national committee.

Tablante maintains that there is no coordination between the MAS National Executive Committee and regional leaders.

He claims that the national leadership of MAS is not only out of step with the regional structure of the party, but with the country's social dynamics as well.

Tablante's proposal has been rejected because some say it leads to the danger of little pockets of regional leaders and destroys the national purpose of the Socialist Party that was born 23 years ago.

Tablante's position favors changing MAS's name because the term "socialism" is associated with totalitarianism and authoritarianism.

It is not likely that Tablante's statements will gain any following because the governor of Aragua has many opponents who condemn his connection with the Capriles economic consortium.

One of Tablante's critics is Hector Perez Marcano, who claims that the weakening of MAS's national political program has given rise to a misinterpreted regional autonomy.

Marcano says the development of regional political leaderships has not consolidated MAS as a party and that in some cases, the latter have done nothing but promote unfortunate alliances with the AD, Copei, and certain economic groups.

To support his claim, he cites one fact about Governor Carlos Tablante: Of the 1.6 billion bolivars in public works contracts awarded in Aragua, 70 percent went to companies in the Capriles group, in violation of the law on bidding.

Perez Marcano accuses Tablante of buying off AD and Copei lawmakers during the last term in order to put together a majority in the Legislative Assembly.

MAS thus moves toward internal elections marked by visible internal problems.

Businessmen Pleased With G-3 Trade Agreement

PA1705024994 Mexico City NOTIMEX in Spanish 0102 GMT 16 May 94

[Text] Caracas, 15 May (NOTIMEX)—The Venezuelan Federation of Associations and Chambers of Commerce and Industry (Fedecamaras) said today it is pleased with the conclusion of the negotiations that will lead to the signing of a free trade agreement by the Group of Three (G-3).

Edgar Romero Navas, president of Fedecamaras, the country's top business organization, told NOTIMEX that the G-3 will contribute to the creation of a single vigorous integration axis in Latin America. The G-3, which comprises Mexico, Venezuela, and Colombia, concluded last Thursday negotiations over a broad trade agreement, which will potentially benefit a population of nearly 140 million people. Nava added that the implementation of the G-3 agreement will allow other countries to make trade connections with the Andean Pact and tighten relations with countries such as Chile, which has reached agreements with Venezuela, Colombia, and Mexico.

The trade relations, which will be in full gear after the agreement is signed by the presidents of the three countries and ratified by their respective congresses, represent one third of the economies of Latin America and the Caribbean.

Industrialists from the chemical and textile sectors, who were opposed to the original draft of the agreement and who in fact prolonged the technical negotiations, were also pleased with the terms of the final agreement reached by the ministers of the three countries. Luis Brizuela from the textile sector and Pedro Carmona from the chemical industry sector said during telephone interviews that new opportunities are opening up which should be explored by all Venezuelan industrialists. Carmona said the agreements reached were well programmed because even though rigid norms were accepted for the chemical industry sector, the agreement to supervise the supply situation by means of the Regional Supply Committee, was the most viable.

The G-3 will generate a GDP that will be nearly 35 percent of the region's total and its exports of goods and services represent more than 40 percent of the region's total exports. The G-3 imports represent nearly 45 percent of the total, a demand that will bring opportunities for each of the three countries that will sign the agreement on 15 June in Cartagena de Indias, Colombia.

Carmona said the chemical industry sector came up with a formula to deal with the fundamental aspects of supply. In the textile industry sector, the problem will be prolonged for only two more years. Brizuela indicated that the decision to exclude textile products from the deregulation program was the least of the evils that could be chosen in view of the danger of the negotiations falling apart.

Central Bank Blamed for Currency Decline

PA1605040394 Caracas Union Radio Network in Spanish 2200 GMT 15 May 94

[From the "Union Radio News" newscast]

[Text] Conflict over the mechanisms implemented to end the fall of the bolivar against the dollar continues. While the Economic Cabinet has blamed the Central Bank of Venezuela for the ineffectiveness of the measures applied in this regard, Central Bank President Antonio Casas Gonzalez recalled that the mechanisms for intervening in the banks was evaluated and accepted by the executive branch.

Additionally, there are differences over control exchanges between Finance Minister Julio Sosa Rodriguez and Asdrubal Batista, minister for reforming the national economy. In this regard, Casas Gonzalez admitted that the auction of foreign currency will not resolve in itself the expectations of the public but that this would depend on the policies on banking, fiscal, and public order problems that convey credibility to the community.

Del Bufalo on Economic Stabilization Plans

94SM0338A Caracas EL UNIVERSAL in Spanish 5 Apr 94 p 1 Section 2

[Interview with Minister of Coordination and Planning Enzo del Bufalo by Alfredo Carquez Saavedra; place and date not given]

[Text] The following are some of the most important macroeconomic indices the administration of President Caldera hopes to achieve between 1994 and 1995:

—Average interest rates of 45 percent in 1994, and 35 percent in 1995.

—Price increases of 35 percent, at a maximum, in the first year, and 28 percent, at a maximum, in the second year.

—Economic growth of 1.5 and 2.5 percent, for the respective years.

—Negative fiscal deficits of 2.9 and 1.5 percent, for the respective years.

However, a large part of the hope of achieving these, or even better, goals depends on the series of sectorial agreements the government has decided to promote.

Enzo del Bufalo, who heads the CORDIPLAN [Office of Coordination and Planning], says that this is not a matter of a disagreement. "It is, instead, a negotiation of an almost mercantile sort between the government and some of the economic actors. There is a chain in which macroeconomic problems and microeconomic actions are intermingled, and they will be discussed by those who have to deal with them. Because what the one provides not only benefits both parties, but also gives rise to positive effects for the other participants. For example, if the executive branch eliminates the fiscal deficit, this will allow the Central Bank of Venezuela to alter the monetary policy."

[Saavedra] Would this mean elimination of the zero coupon bonds?

[Del Bufalo] Among other things, there would be no reason to issue more zero coupons. It will then be able to finance a plan to improve the solvency of the financial system, instead of using the resources as is being done now, because the present monetary policy is a residual policy. In other words, this institution simply finds itself faced with an economic policy being pursued for its own sake.

But if the executive branch eliminates the deficit, the pressure to effect a possible devaluation for fiscal reasons will disappear. And this also sets aside one of the reasons for the purchase of dollars. Nor would there be a need to impose high interest rates.

[Saavedra] What contributions would the business sector have to make?

[Del Bufalo] Two specific things will be asked of it in this negotiation. The first is at least partial absorption of the impact of inflation. This means refraining from passing on the increase in costs to the final prices, so that inertial inflation is eliminated. The other thing that will be required is that the reactivation of production be initiated. All of this would contribute to a change in what will be received as a benefit—a very low real interest rate.

[Saavedra] And what will the workers be asked to do? To moderate their wage demands?

[Del Bufalo] What can be required of the workers is something very concrete—that they be ready for a change in the social welfare system to a different mode—one better adapted to the enterprises, in exchange for receiving an increase in real wages.

[Saavedra] Is there some concrete proposal in this regard?

[Del Bufalo] There are various proposals. But the idea is not for the government to impose them, but for the workers to negotiate them to their full satisfaction. The executive branch will serve only as an intermediary. What we will contribute directly in this connection, however, is a real offer to create an entire overall social security system.

[Saavedra] What will happen to the accumulated social allocations?

[Del Bufalo] They represent an acquired right. What could be done is to pay off those who want to change the system they use.

[Saavedra] When will the negotiations begin?

[Del Bufalo] When the preliminary talks in which we are engaged with the interested parties have been concluded. I believe that this will actually occur within two or three weeks, at the latest.

[Saavedra] What leads you to believe that progress will be made with these agreements?

[Del Bufalo] These agreements have strictly economic goals. It is neither a question of supporting nor of opposing the government. What is intended is to stabilize five variable economic factors.

[Saavedra] Is it your belief that this represents not only the last chance, but also the only possible formula?

[Del Bufalo] This is the only way to proceed at a low social cost. And if Venezuela wants to avoid more suffering, this is the formula that will ensure less suffering. Because this alternative has the advantage of requiring no sacrifice in addition to those we have undergone, and it translates into direct benefits for each of the participants within a very short time.

Now, if the economic sectors in Venezuela are not able to negotiate an agreement that makes it possible to stabilize the economic variables while at the same time obtaining net profits, we will have to have recourse to the traditional mechanisms. These are the mechanisms of the classic type that lead to foreign-exchange and price controls, resulting in a slowing of the structural change in the economy, without any certainty that it will proceed in the long run. Or, there are those of a neoliberal sort that mean drastic devaluation with high interest rates. This would also slow the growth of the economy and would cause the population more pain.

[Saavedra] Is it true that the executive branch has considered avoiding the use of foreign financing for 1994 and 1995?

[Del Bufalo] An effort will be made to avoid any increase in the debt. But a maximum indebtedness level for 1994 has already been approved in the national budget, and a comparable debt ceiling for 1995 is being analyzed.

[Saavedra] What is the amount of each of these figures?

[Del Bufalo] That for this year comes to approximately 275.455 billion bolivares, and that for 1995 to about 140 billion bolivares. However, the figure for 1994 represents the maximum for the fiscal deficit, which we hope will come to no more than 2.9 percent of the gross domestic product.

[Saavedra] But is the government fearful of using foreign financing, or is this regarded as just another tool?

[Del Bufalo] What we have is a policy of avoiding any increase in the net indebtedness. However, payments on the debts, as well as the contracting of others, will continue. The strategy of reducing indebtedness involves trying to reduce, to a minimum, the financing of expenditures through the use of this tool.

[Saavedra] Is it true that the executive branch is going to propose an amendment to the Privatization Law that would limit the use of the funds obtained by this means exclusively to the reduction of the foreign debt?

[Del Bufalo] A proposal that the privatization resources be used only to pay off debts and to invest in new assets has been put forth, and it seems a very sensible one to me. The problem is that rather than slowing privatization pending the passage of a new law, it would be better to continue working with the norms we have now, because the privatization program must be carried out with a certain speed.

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